

السوق المالية

# FINANCIAL TIMES



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**Weekend**  
Sprawling madness of the modern Olympics

World Business Newspaper FRIDAY JULY 12 1996

## European Court ruling threatens public TV deals

The European Broadcasting Union, the club of public service broadcasters such as the BBC, may appeal against a European Court ruling that casts doubt on its right to buy exclusive broadcasting rights. The court annulled a European Commission decision in 1988 to give the EBU a five-year exemption to the EU's competition rules, raising uncertainty over the future of long-term multi-billion dollar deals to screen leading sports events such as the Olympic Games. Page 12 and Lex

**Gasprum to offer 9% internationally:** Russian energy company Gasprum, which has hydrocarbon reserves greater than Shell and Exxon combined, plans to offer up to 9 per cent of its shares internationally. Western investment bankers value the gas group at anything between \$20bn and \$200bn. Page 13

**Doctors set to test Aids 'cure':** US doctors may be ready by October to test whether a powerful "triple combination" of drugs can eliminate HIV, the virus that causes Aids, after research showing that the therapies have cut the virus by more than 98 per cent. Page 12; Roche seeks Aids drugs go-ahead. Page 15

**Deutsche Babcock,** the German engineering conglomerate, has won agreement from creditor banks for an additional DM600m (\$395m) in funds and is planning to sell its stake in engineering company Schumag, its most profitable business. Page 15

**Lloyd's of London** has reached a deal over legal action brought by US state securities regulators which may remove the biggest obstacle facing its recovery plan. The agreement requires Lloyd's to find up to \$40m (\$62.4m) extra to help US Names. Page 8

**Swiss Telecom in Malay deal:** Switzerland's national telecoms operator Swiss Telecom signed a deal to take a 30 per cent stake in Malaysian operators Muthira Telecom at a cost of M\$710m (US\$285m). Page 14

**Mubarak move to improve Turkey ties:** Egypt's president Hosni Mubarak, softened recent criticisms of Turkey during a one-day visit to Ankara to meet Islamist premier Necmettin Erbakan. Page 6

**French, German exchanges discuss links:** The French and German derivatives exchanges are discussing the development of a common clearing system, after abandoning more wide-ranging co-operation plans earlier this year. Page 15

**Norway accuses Burma of torture:** Norway said it had evidence its honorary consul in Burma, Leo Nichols, was tortured before he died in a Bangoon prison last month. Diplomats say Nichols was jailed because of his links with opposition leader Aung San Suu Kyi. Page 7; Western companies encounter protesters. Page 5

**Taiwan reports call for China talks:** Taiwan president Lee Teng-hui repeated a call for a summit with rival China's Jiang Zemin, but Beijing responded coolly to the island's latest bid to break a year-old political deadlock. During an address to Taiwan's National Assembly, Mr Lee (left) renewed his offer of a leaders' meeting in an effort to break a year-long freeze in relations. Page 7

**UN tribunal issues Karadzic warrants:** The UN criminal tribunal for former Yugoslavia in The Hague issued international arrest warrants against Bosnian Serb leader Radovan Karadzic and his military commander Ratko Mladic on charges of genocide and war crimes, reinforcing existing local warrants. Page 2

**French post office aid setback:** The European Court of Justice ruled that the French government may have provided illegal subsidies to the post office's express mail arm. Page 3

**Moscow bomb as Chechen violence rises:** A senior Russian commander was killed by a landmine in Chechnya as a wave of violence swept across the rebel region, while in Moscow a bomb exploded on a city trolleybus in what authorities called a "terrorist" attack. Page 2

**Sudan refuses food aid drops:** The UN said at least 500,000 people were starving in the rebel-held southern part of Sudan, and a further 200,000 people were also at risk, because the Khartoum government refuses to permit food drops in the area.

STOCK MARKET INDICES		GOLD	
New York: Dow Jones Ind. Av.	5,823.06 (+79.79)	New York: Gold	384.40 (+0.84)
NASDAQ Composite	1,104.82 (+36.37)	London: Gold	386.12 (+0.08)
Europe and Far East			
DAX	2,073.00 (+8.11)		
FT-SE 100	2,575.64 (+8.11)		
Nikkei	21,362.58 (+115.54)		

US DOLLAR		EURO	
New York: Dollar	1.4608	New York: Euro	1.3663
London: Dollar	1.4608	London: Euro	1.3663
Frankfurt: Dollar	1.4608	Frankfurt: Euro	1.3663
Paris: Dollar	1.4608	Paris: Euro	1.3663
Tokyo: Dollar	1.4608	Tokyo: Euro	1.3663

OTHER RATES		STYRENE	
US 3-mo Interbank	6.51% (6.51%)	DM	2.3674 (2.3668)
UK 10 yr Govt	6.51% (6.51%)	Yen	118.22 (118.22)
France 10 yr Govt	6.51% (6.51%)		
Germany 10 yr Govt	6.51% (6.51%)		
Japan 10 yr Govt	6.51% (6.51%)		

NORTH SEA OIL (Avg)	
Brent Blend	\$18.84 (+0.81)

# Wall Street plunges over 100 points

### End to bull market predicted after computer group issues profits warning

By Maggie Urry in New York and Philip Coggan and Gillian Tett in London

US share prices tumbled yesterday, prompting predictions that the long bull market may have come to an end.

The catalyst was a profit warning from Hewlett-Packard, the computer group, released after the market closed on Wednesday.

The Dow Jones Industrial Average fell by almost 100 points in early trading and an attempt to rally later in the morning failed. By early afternoon, the Dow was 114.14 lower at 5,499.51.

The market has not recovered from its near-115 point decline last Friday and as a result was

nearly 300 points below its record closing high of 5,778.00 achieved in late May.

Mr Michael Metz, market strategist at Oppenheimer, said: "The whole bull market is over. We have seen the highs for the next year or so." He predicted the Dow could fall to 5,000 by the end of the third quarter.

Hewlett-Packard shares fell by 10% to \$78 in morning trading, after its announcement late on Wednesday that order growth had slowed sharply and it was closing its disc drive manufacturing activity, which would result in a third quarter charge against earnings of \$150m.

That news followed a warning late on Tuesday from Motorola,

the semiconductor and telecommunications equipment group, of slowing growth and increasing price competition. That had pushed the Dow down by nearly 50 points on Wednesday morning, although the market recovered late in the day on computer-driven trading.

Technology shares were the hardest hit yesterday, with the Nasdaq index, which contains many high-tech stocks, falling 42.39, or 2.7 per cent, to 1,098.80 in

the early afternoon. However, analysts said the poor technology news was only a catalyst for the market's fall. Mr Stephen Roach, chief economist at Morgan Stanley, said: "The tech started it, but the market has been waiting for an accident. This may be it."

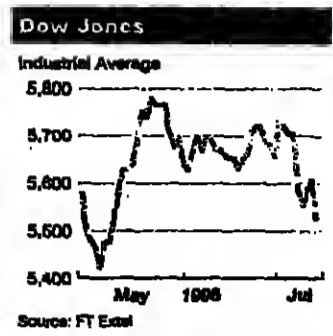
Mr Phillip Jordan of Daiwa said there was substantial activity in the market as large investment managers decided to reduce the proportion of their portfolios devoted to shares. They were switching into the relative safety of fixed income securities, driving the bond market higher.

European investors have been concerned for some time that shares on Wall Street look expensive on measures such as divi-

dend yields and asset values. The continued strength of the US market has provoked growing unease in the British Treasury recently. Some officials believe that it presents a hazard in a year that has an otherwise healthy economic outlook.

In particular, officials point out that the pattern of stock market movements over the past year is potentially even more ominous than in the run-up to the 1987 stock market crash.

European stock markets, which have much smaller high-tech sectors than the US, fell only modestly yesterday, with investors conscious that Wall Street has rebounded quickly after previous falls. In London, the FT-SE 100



index lost early gains to fall 18.6 points to 3,749.0, while French and German markets each dropped by around 0.4 per cent.

However, a more sustained decline on Wall Street would hit world markets. Analysts are spotting signs that such a retreat is possible.

## Rivals boycott Credit Lyonnais bond deal

By Samar Iskander

Three leading French banks are boycotting a huge bond issue being managed by Credit Lyonnais, the troubled state-owned bank, claiming that they were offered insultingly small allocations to sell to their clients.

The row has stunned the Paris financial scene, which has been accustomed to seeing the biggest French banks work in harmony. Analysts said Credit Lyonnais might have wanted to maximise its own allocation to boost its commission income.

The incident revives recent tensions that culminated in Societe Generale launching legal action earlier this year in the European Court of Justice, alleging that state aid to Credit Lyonnais was distorting competition in the French banking market.

The new row is over a FF440bn (\$7.75bn) bond issue being floated by Etablissement Public de Financement de Restructuration (EPFR), a government-guaranteed entity set up last year to help rescue Credit Lyonnais. Last month, the bank said it would securitise part of the FF135bn loan from EPFR to ease its cash flow problems.

Credit Lyonnais is leading the issue, one of the largest ever issued.

Two private sector banks - Societe Generale and Banque Nationale de Paris (BNP) - and the Caisse des Depots, a government-controlled financial institution, say they have been squeezed out of what could be the French market's most profitable transactions this year. As a result they have boycotted the issue and are threatening to isolate Credit Lyonnais from future deals.

A syndicate manager from one of the two disaffected banks yesterday accused Credit Lyonnais of "breaching practices that have applied since the beginning of the French bond market".

French banks active in the domestic bond market are usually allocated a fixed percentage of the total amount of bonds to be sold to investors. On issues in which they participate but do not lead, Societe Generale and BNP would typically expect to be allocated between 7 and 10 per cent each, while Caisse de Depots would get more than 10 per cent.

Yesterday, however, Credit Lyonnais offered only 1 per cent of the total to each of Societe Generale and BNP. Caisse de Depots would not disclose the amount it was offered.

Societe Generale and BNP will be tempted to retaliate by excluding Credit Lyonnais from issues they are leading. However, French companies that issue bonds are likely to insist on parity of treatment.

Bank clampdown, Page 3



## Mandela marks dawning of new era with Britain

By James Blitz in London

It has seen many great events, both tragic and uplifting, over the past 500 years, and the day its historic resonance. This was the first time a foreigner had addressed both Houses of Parliament gathered in the hall since President de Gaulle of France 30 years ago. The South African leader recalled how, in 1795, the country in which he was speaking had "entered ours as a colonising power" and that his presence in London "might serve to close a circle which is 200 years old".

Much of that time, "what defined the relations between our peoples was a continuous danger of arms". History took a turn for the worse when, 80 years ago, his predecessors as leaders of the African National Congress came to Westminster and spoke "eloquently and passionately of the need for colonial power to treat them as human beings equal to the 1880 settlers".

"They were rebuffed. But now we come to you as friends," he told MPs and peers, winning enthusiastic applause from peo-

ple who may once have thought of him as a terrorist rather than one of the few great statesmen of the late 20th century.

"But this we must know, that none of us can insulate ourselves from so catastrophic a scale of human suffering. In the end, the cries of the infant who dies because of hunger or because a machete has slit open its stomach will penetrate the noises of the modern city and its sealed windows to say: am I not human too?"

He urged the British and South African peoples to "join hands to build on what we have achieved together" - and help construct an African world whose emergence will mean that "a new universal order is born in which we are each our brother's keeper".

A Roman Catholic woman pleads with Loyalist Orange order marchers as they parade past a Catholic neighbourhood in Northern Ireland yesterday. The decision by the Royal Ulster Constabulary to allow the march sparked pitched battles between residents and police and criticism from nationalists across Ireland. It plunged Ulster into further sectarian strife with a Catholic backlash in Portadown spreading to Belfast and other areas. Report, Page 12

## Japan bank to ease ties with large companies

By Gerard Baker in Tokyo

The Long-Term Credit Bank of Japan, one of the country's leading lenders, is preparing to make large cuts in its equity stakeholdings in Japan's corporate sector.

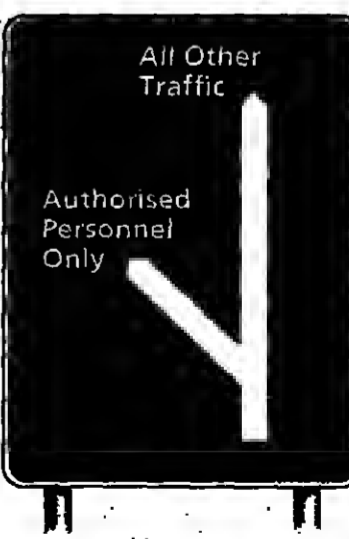
It will be the first big Japanese bank to break with a hitherto sacrosanct feature of the Japanese economy - the intricate web of cross-shareholdings that tie the most large companies to the leading banks.

The bank said the decision was prompted by concern at the extremely low yield on the equities it holds in Japanese companies.

But the move, which is likely to unsettle investors, is expected to be followed by several other lenders as the country's banking system continues to adjust to the asset quality crisis of the past five years.

The book value of LTCB's equity holdings in Japan is just under Y2,500bn (\$22.6bn). The bank said it had been in talks with several of the companies in which it holds stakes with a view

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NEWS: EUROPE

Pay concession wins Communist backing for Italian government's economic policy

Prodi's partners settle their differences

By Robert Graham in Rome

The partners in Italy's centre-left government yesterday patched up their differences over economic policy. They endorsed a three-year macroeconomic programme designed to comply with the convergence criteria for the start of European monetary union a year later, in 1998.

Agreement, hammered out over the past 24 hours, was announced yesterday at a meeting of the chamber of deputies budget committee. All sides appeared to have made concessions. But the most visible winners were the hardliners in Reconstructed Communism who had raised the question of wages and threatened to withdraw their vital parliamentary support.

Under a 1993 agreement between government, employers and unions, wages were linked to productivity and risked pegged to projected inflation. Real inflation has consistently been at least one percentage point above the projected rate.

The treasury had sought to resist it on the grounds that it risked fuelling inflation. However, the treasury's hand was weakened by the fact that several wage contracts have been negotiated on the basis of a 3 per cent inflation rate for 1997.

RC argued that wage contracts should also be able to recover in large measure, if not in full, lost earning power. The budget committee rejected this, but accepted the inclusion of a directive allowing negotiations for wages during the course of this year to have a 3 per cent ceiling for 1997.

The opposition parties accused the government of having given in to RC blackmail. There was also evident irritation among the Popular party, which forms the centre of the Olive Tree alliance, over the behaviour of RC and the slowness with which the government tackled the problem.

EUROPEAN NEWS DIGEST

France toughens Corsica stance

Mr Jean-Louis Debré, the French interior minister, yesterday visited the troubled island of Corsica to appoint a new police chief as part of his efforts to end the current violence.

Mr Debré's visit comes ahead of a proposed journey to Corsica by Mr Alain Juppé, prime minister, as soon as next week to unveil a package of economic reforms designed to help the island's economy.

Generals shoot it out in the Russian press

John Thornhill watches top brass trade broadsides over corruption

Russia's generals have recently found a new battlefield on which to fight the front pages of the nation's newspapers. Ever since Mr Boris Yeltsin won the presidential election on July 3, journalists have been busily unearthing corruption scandals within the defence ministry and presidential entourage which lay surprisingly well hidden during the election campaign.

Russia's generals have been the targets of many of these newspaper salvos. But they have also provided much of the ammunition as a fierce battle rages among the top brass to fill the vacant post of defence minister.



Russian forensic experts sift through the wreckage of a Moscow trolleybus ripped apart by a bomb at the height of the rash hour yesterday morning.

Accusations are flying in the fierce battle to fill the now vacant defence minister's post

emerge from the Chechen conflict with any distinction, led the charges last week, elaborating on earlier newspaper allegations of widespread embezzlement within the defence ministry. In particular, the general, who is now a parliamentary deputy, accused General Pavel Grachev, the recently sacked defence minister, of being "mired in corruption and surrounded by spotters and thieves".

So far, Mr Yuri Skuratov, the prosecutor-general, has remained cool about the latest allegations, although he added that he was already aware of many of them. "While there is a state apparatus, corruption will exist," he said this week. "One must ignore cavalier attacks and concentrate on daily painstaking work to eradicate this influence. Then we really will achieve results."

Lebed adopts Kremlin's tough line on Chechnya

By Chrystia Freeland in Moscow

Mr Alexander Lebed, Russia's outspoken new security chief, yesterday fell into line with the Kremlin's harsh policies in Chechnya, retreating from his view that the breakaway state should be allowed to choose independence.

Asked if he stuck by his campaign trail assertions that Chechnya should be allowed to choose independence in a referendum, Mr Lebed belied his reputation for bluntness with a careful retraction. "Then, I was a presidential candidate who did not become a president. Instead, he became a government functionary who is obliged to implement the government's policies, which is what I am now doing," Mr Lebed said.

His tacit response is an indication that the provincial general, whose furthest ever journey outside the former Soviet Union was to Afghanistan, may be learning the elaborate rules of Kremlin politics. When he was first recruited to the government team in an effort to boost the electoral chances of President Boris Yeltsin, he seemed poised to become the Kremlin leader's heir.

Hague tribunal orders arrest of Karadzic

By Bruce Clark in London and Paul Wood in Belgrade

The Hague war crimes tribunal yesterday issued arrest warrants for Mr Radovan Karadzic, the Bosnian Serb leader, and his military commander, General Ratko Mladic. The international community, however, was divided about how to proceed further.

The warrants were issued on the first anniversary of the fall of Srebrenica, the enclave in eastern Bosnia where Serb forces killed thousands of Muslims in what prosecutors have called the worst atrocity in Europe since 1945. By insisting that all governments have a duty to apprehend the two men if they get the chance, the court has strengthened the hand of those favouring renewed sanctions against Serbia for its failure to co-operate fully with the international effort to punish war criminals.

UK holds up Berlusconi inquiry

A Spanish police investigation into the business affairs of Mr Silvio Berlusconi is being held up by a UK court order blocking the transfer of documents relating to the Italian media magnate's Fininvest empire.

The documents relate to a network of offshore companies owned by Fininvest or Berlusconi associates. These companies were officially meant to handle the international firm's TV rights payments of Fininvest. But Italian prosecutors believe the companies were also used for tax evasion and delivering bribe money to and from Italy.

Ukraine general resumes power

President Leonid Kuchma yesterday chose Lieutenant-General Olexander Kuzmuk as Ukraine's defence minister, replacing the first civilian to hold the post in the former Soviet Union outside the Baltic states. Gen Kuzmuk, previously the commander of Ukrainian troops in the Crimean peninsula and currently the head of the elite National Guard, takes over from Mr Valery Shmarov, a military industry specialist dismissed by Mr Kuchma earlier this week.

Poland is invited to join OECD

Poland was yesterday asked formally to join the Organisation for Economic Co-operation and Development (OECD) and will become the 28th country in the Paris-based club of industrial nations once its parliament ratifies the accession treaty early this autumn.

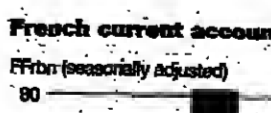
Mr Grzegorz Kolodko, Poland's deputy prime minister and finance minister - who had pushed measures liberalising capital flows and restrictions on foreign investment through the cabinet and parliament to qualify for OECD membership - said the move marked a prelude "to successful talks on European Union accession". These he hoped would end by the year 2000.

New France Télécom debt rating

The first negative repercussions of France's decision to convert France Télécom into a joint stock company came yesterday when Moody's, the rating agency, lowered its rating of the group's long-term debt.

French current account suffers

The French current account surplus dropped sharply in April, taking the cumulative decline for the first four months of the year to more than 20 per cent. Seasonally adjusted figures from the ministry of economy and finance yesterday put the April surplus at just FF7.76bn (\$330m), down from FF10.3bn in March and FF10.9bn in February. This brought the surplus for the four months to April 1996 to FF36.27bn - down from FF45.48bn in the corresponding 1995 period.



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Pressure for law and order campaign in Maastricht review conference

EU states revive Euro-FBI idea

By Lionel Barber in Luxembourg

The Irish presidency of the European Union and Germany have joined forces to push for a law and order campaign in the Maastricht treaty review conference (IGC), including revived plans for a Euro-FBI to tackle organised crime.

Mr John Bruton, Ireland's prime minister, said the concept of a European FBI had received "substantial support" around the table. "It was pointed out that legal measures can take months, while criminals can move money within minutes."

Mr Bruton is also convinced that an IGC based on "safe streets" and "safe jobs" would increase popular support for EU integration at the conference and help ratification of a Maastricht 2 treaty.

Mr Bruton was cautious about raising expectations. As leaders acknowledged reluctantly, the IGC continues to be held hostage to the British general election which must be held by May at the latest. This means it may not be wrapped up until autumn 1997 under the Luxembourg presidency rather than, as hoped, the Amsterdam summit under the Dutch presidency.

French targets... Post of...

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# French bank clampdown targets Crédit Agricole

By Andrew Jack in Paris

The French government is considering withdrawing an important privilege from Crédit Agricole, one of the country's largest banks, in the latest indication that it plans to clamp down on competitive distortions in the troubled financial sector.

The privilege is the bank's special rights to operate *dépôts des notaires* - accounts which hold large sums deposited by notaries, the legal specialists who oversee all property transactions in the country. They deposit clients' payments in the accounts until the deals are completed.

Crédit Agricole - a mutual institution - last year held FF17bn (\$3.8bn) in such accounts, on which it is obliged to pay just 1 per cent in interest while earning higher returns by reinvesting the money.

The state-owned Caisse des Dépôts and the Post Office also have the right to operate the accounts in larger urban areas, but the private sector banks

have always been excluded. Treasury officials have written to Crédit Agricole renewing its right to operate *dépôts des notaires*. But they are believed to have warned that it might not be extended again when it comes up for renewal again in three years.

Crédit Agricole says the

## Private sector banks have become increasingly vocal in their attacks on competitive distortions

accounts are costly to manage, earn low interest because they are on short-term deposit, and compensate for the FF7500m costs of a government-backed subsidy programme for farmers which the bank operates.

Competitor banks claim the subsidies are normally a way of writing off loans already made by Crédit Agricole, and are therefore a competitive distortion.

They also argue that the privilege to Crédit Agricole

reduces their own ability to attract new clients.

Separately yesterday, the French Banking Association (AFB), which represents France's private sector banks, increased pressure for reform of the system governing another near-monopoly, the control of the Livret A savings

with 1.2-1.5 per cent by the existing institutions. The moves come at a time of growing debate within the French government about reforms to the domestic banking sector, which has suffered from declining income, huge provisions and low profitability over the last few years.

Mr Jean-Claude Trichet, governor of the Bank of France, this week called on the government to end a number of competitive distortions and encourage a shake-out in the sector.

Private sector banks have become increasingly vocal in their attacks on competitive distortions, notably the existence of privileges granted to mutual banks and state-owned financial institutions with no incentive to generate profits.

Also yesterday, Mr Jean Arthuis, the economics minister, announced a series of measures to reduce the tax burden on international banks and financial institutions based in France, and on their expatriates working in the country.

# Prime minister wants Portugal at the EU's 'political centre' Lisbon seeks early Emu entry

By Peter Wise in Lisbon

Securing a place among the first group of countries to adopt a single European currency is as vital to Portugal today as joining the European Community was a decade ago, Mr António Guterres, the prime minister, said yesterday.

Opening a parliamentary debate on the state of the nation, Mr Guterres warned that the countries excluded from the first phase of European monetary union would be left on the periphery of decision-making in an expanded European Union.

"We want Portugal at the political centre of Europe where the decisions are made, not out on the edge where they have to be obeyed," he said in a speech that also marked the minority Socialist government's first eight months in office.

In patriotic tones, he called for a national effort to ensure Portugal's participation in Emu. This would help Portugal regain the international influence the country enjoyed in the 15th and 16th centuries when its navigators discovered



Guterres: Portugal nearer to meeting Emu convergence criteria

sea routes to Africa, India and Asia. Mr Guterres said the single currency was more a political than an economic issue for Portugal.

But he forecast that Portugal would save Es200bn (\$1.27bn) a year in terms of public accounting alone if it became

part of the Euro group. He also advanced figures to back his conviction that Portugal is nearer to meeting the Emu convergence criteria than any other southern European country. The budget deficit would fall below 4.2 per cent of gross domestic product in 1996, down

from 6.3 per cent last year and below the original 1996 budget forecast, he said. The goal for Emu is 3 per cent of GDP in 1997.

He said tax revenue had grown by 10.3 per cent in the first half of this year, compared with the same period in 1995, without any increase in tax rates. Current spending had grown by only 7.5 per cent. This had allowed the government to accelerate public investment and Portugal was now applying an average of Es74bn a month in EU funds compared with Es39bn a month in 1995.

But Mr Guterres refused to be drawn by opposition calls to clarify whether the government planned to increase tax rates in 1997 in support of its efforts to join the single currency. He said that for the first time Portugal's long-term interest rates had fallen within the Maastricht criteria for Emu over recent weeks. Annual average inflation, which was 3.4 per cent in May, has also fallen sharply.

Mr Guterres said public debt would fall in 1996, reversing the trend of recent years.

# Post office aid ruled illegal

By David Owen in Paris

The French post office suffered a new setback yesterday when the European Court of Justice ruled that the government may have provided illegal subsidies to its express mail arm.

The court also said that Chronopost, a 66 per cent-owned post office subsidiary, could be ordered to repay the aid because it had been granted without permission from the European Commission.

The ruling was in response to questions from the Tribunal de Commerce in Paris, which is now expected to consider the matter further. It is linked to a case brought by SFEI, the French express delivery association, which claims the government has granted illegal subsidies to Chronopost.

SFEI has asked that Chronopost, which had 1995 turnover

of FF2.89bn (\$560m), be required to repay more than FF22m in unlawful state aid.

Mr Rik Gerber, a Brussels-based vice-president of Federal Express, an SFEI member, said the decision was "excellent news". The ruling accepted that some of the things express delivery groups had characterised as state aid - such as logistical support from personnel, vehicles and buildings - were indeed state aid.

Chronopost said yesterday's ruling constituted only a theoretical response to questions of law and it had "nothing to fear". It said the matter was in the hands of its lawyers. The post office said it had no official reaction.

The ruling said logistical support could be considered state aid if the post office charged less for the services than it would under "normal market conditions". In that

case, the French government should have cleared the aid with the European Commission. Since that was not done, the French court could order Chronopost to repay the post office.

The European Court rejected the defendants' argument that the national court had no jurisdiction since the Commission had not yet ruled on whether the arrangement was legal. The Commission rejected SFEI's original complaint against Chronopost in 1992 but reopened its inquiry last February.

The justices said national courts had a duty to safeguard the rights of individuals in cases where governments granted aid without permission.

SFEI brought the complaint along with five of its members: DHL International, Service Crie-LFAL, May Courier Inter-

national, Federal Express and Express Transports Communications.

The post office has also been under fire in recent months over its financial services activities.

Commercial banks have attacked what they consider the unfair competitive advantage enjoyed by institutions that are not required to provide a return on equity to their "shareholders". Mr Jean-Claude Trichet, governor of the Bank of France, said this week that the financial activities of the post office posed "a very serious problem".

The organisation's revenues from financial services rose by 7 per cent last year to FF20bn. But this did not prevent a loss for the year of FF1.2bn, in the face of growing competition and falling demand for its postal services.

# Swedes defend interest rate policy

By Greg McIvor in Stockholm

Sweden's Riksbank (central bank) indicated yesterday it remained committed to its step-by-step approach to lowering interest rates, despite pressure for bolder cuts following an unprecedented fall in net consumer prices in June.

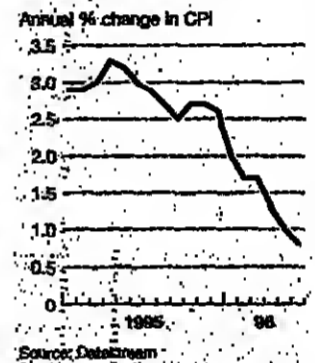
Official statistics showed a decline in annual inflation last month to 0.8 per cent - the lowest rate for 37 years.

Net prices (consumer prices minus the net of indirect taxes and subsidies) actually dropped for the first time, by 0.3 per cent.

The figures prompted warnings from some economists of deflation due to the depressed state of domestic demand.

But Mr Erik Asbrink, finance minister, dismissed the fears and attributed the fall in prices to temporary factors, including a reduction in car excise duty

## Swedish Inflation



and lower petrol prices. The figures illustrated Sweden's commitment to low inflation, he said.

Sweden has long tended to sacrifice inflation targets in favour of expansive employment programmes. It now has one of the lowest inflation

rates in the European Union, but is grappling with unemployment nearing 13 per cent. The Riksbank has trimmed its key repurchase interest rate 14 times since January, reducing it from 6.91 per cent in January to 5.9 per cent.

However, the anaemic state of the internal economy - where private consumption is flat - has led some sections of industry to demand more adventurous cuts.

Mr Claes Berg, Riksbank chief economist, said interest rate policy was dictated by the inflation outlook one to two years hence. Yesterday's figures had not affected the bank's forecast that inflation would be around 2 per cent in 1996 and 1997, he said.

Mr Robert Prior-Wandeforde, European economist at HSBC James Capel Investment Bank in London, said deflation was a real danger as the inter-

nal economy had been sapped by the Social Democratic administration's austerity measures, aimed at reining in the budget deficit and bringing Sweden inside the Emu convergence criteria.

"We have almost reached the stage where any further cuts would be counter-productive," he said. "The Riksbank now needs to set interest rates at German levels to get a reasonable intertemporally generated recovery going." This would mean reducing the repo rate to 3.5 per cent. However, other analysts were confident the Swedish economy was poised to grow again.

One of Sweden's leading banks, Skandinaviska Enskilda Banken, predicted private consumption growth would recover to 1.5 per cent by year-end and urged the Riksbank to maintain a "steady pace" of interest rate reductions.



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NEWS: THE AMERICAS

EU may strike back at US over Cuba act

By Guy de Jonquieres, David Wighton and Stephen Fidler

European Union foreign and trade ministers are due next week to consider possible retaliation against controversial US legislation aimed at penalising foreign investors in Cuba.

The legislation, rushed into law to punish Cuba for shooting down two US light aircraft in February, has hurt relations between the US and its main trading partners.

At scheduled meetings of the council of ministers in Brussels on Monday and Tuesday ministers will consider a range of responses to the Helms-Burton act, named after its congressional sponsors.

The US sent warning letters this week to nine executives and directors of Sherritt International, a Canadian mining company, saying that they and their families would be barred from the US under Helms-Burton unless the company took steps to disinvest in Cuba.

Sherritt's directors include Sir Patrick Sheehy, the former chairman of BAT Industries of the UK, and Mr Rupert Pennant-Rea, former deputy governor of the Bank of England.

expected decision by President Bill Clinton on whether to suspend a separate part of the legislation authorising private US court actions to claim damages against foreign companies and others "trafficking" in confiscated assets in Cuba.

Mr Ian Lang, the UK trade secretary, yesterday said Britain was under growing pressure to retaliate against US companies unless the so-called Title III provision was suspended.

Mr Lang told the American Chamber of Commerce in London that the strong investment relationship between the US and the UK had been marred by the legislation and by prospective laws penalising non-US companies investing in Iran and Libya.

The ministers' options are expected to include adoption by the EU or individual members of a "blocking statute", entitling European companies affected by Helms-Burton to counter-sue subsidiaries of US companies in European courts.

Britain, Italy and the Netherlands already have national

blocking statutes. Officials said similar EU legislation could be put in place quickly, if approved by ministers from all 15 member states.

Officials say the EU could legally impose trade sanctions in areas not explicitly covered by the World Trade Organisation's Most Favoured Nation principle, which prohibits members from discriminating between trade partners.

Such areas include aviation, maritime transport and telecommunications services.

Scope for wider trade retaliation would depend on if the EU was prepared to take measures which violated WTO rules - a question on which no clear consensus has yet emerged.

The mildest EU response would be to bring a formal complaint against the US in the WTO and to protest that the legislation violates OECD agreements.

Mr Arthur Eggleton, Canada's international trade minister, said he would request that a dispute settlement panel under the North American Free Trade Agreement try to stop application of the law.

Samper's US visa revoked

The US government has revoked the visa of Colombian President Ernesto Samper because of alleged links to the Cali drug cartel, an administration official said yesterday.

A formal announcement was expected later in the day. The Clinton administration has long held that Mr Samper received money from the cartel for his 1994 presidential campaign.

Officials were dismissive of a Colombian parliament decision to exonerate him of charges that he is linked to the drug traffickers.

The US has complained for months about an alleged lack of co-operation by Colombia in combating drug traffickers. Colombia is the source for a big part of cocaine consumed in the US.

Colombia recently turned down a US request for extradition of four leading figures in the Cali drug cartel.

On Tuesday, however, Colombian authorities moved against two of the four, Gilberto and Miguel Rodriguez Orejuela, who are in jail, seizing more than 110 properties belonging to them.

The US government has tried to isolate Mr Samper while maintaining good relations with Colombian law enforcement officers committed to cracking down on drugs.

AP-Dow Jones adds from Bogota: The Colombian government has altered its foreign investment code to try to cut red tape and make the country more attractive to foreign investors, an official announced on Wednesday.

Mr Arturo Garcia, sub-director of the National Planning Department, said the changes would take effect as soon as the government reviewed the legal language and published the decree, which should take place by next week.

The new rules loosen curbs on foreign investment in property, which was previously restricted because of the common practice of using it to launder drug money.

The new code, for example, will allow foreigners to invest in timeshare vacation homes.

Reform Party founder says he is man for the moment Perot puts paid to pretenders

By Jurek Martin in Washington

Mr Ross Perot waited precisely 33 hours before lowering the boom on any pretenders for the presidential nomination of the fledgling Reform Party, his own creation.

On Wednesday night he told Mr Larry King, the TV talk show host for whom he reserves his most important pronouncements, that it was clear "that party members have a strong desire for me to participate".

He said he considered former Colorado governor Dick Lamm, who announced his candidacy on Tuesday, "a fine man". But the Texas billionaire and 1992 independent presidential candidate proceeded to explain exactly and intently why he thought Ross Perot was the man for the moment, without actually making a formal declaration.

"If anybody should do this, I should do it. I'm in a unique position to do it. A lot of people who would want to do it and might even be better doing it aren't in a position to do it, wouldn't have the freedom to do it. I have that freedom."

He did not mention it but that freedom includes money. Mr Perot spent \$8m from his own pocket to finance his 1992 effort and, based on his 19 percent of the vote four years ago, the Reform Party would be entitled to over \$30m in federal matching funds this year - if Mr Perot is the nominee.

By contrast, the Lamm campaign chest stands at \$6,000 and the Federal Election Commission has not yet determined if the party would get even a cent in federal assistance if the former governor carries its banner in November.

Out in California, Mr Lamm put a brave face on the Perot intervention. "If I could get the nomination in this party he's created... obviously that's the best scenario, because you start off with a certain David and Goliath quality," he said.

But Mr Lamm will need more than a slingshot to overcome the man without whom the Reform Party would not exist. Wishing, however, to appear completely above board, Mr Perot told Mr King he had hired an independent auditing firm, which he did not identify, to tally the party's postal and electronic votes for its presidential candidate, to be cast in the week of August 11-13.

The Reform Party is holding a two-part convention, in California and Pennsylvania, sandwiched round the Republican gathering in San Diego. Mr



Lamm (left) puts on a brave face as Perot moves in

Perot insisted the timing was not intended as a slight, or counter-attraction, to the Republican event but was simply dictated by the electoral calendar.

Nevertheless, in New York yesterday, Mr Bob Dole, the all but certain Republican nominee, was not enthusiastic about a Perot candidacy. "I would hope he wouldn't run," he told a radio talk show, "I hope it's going to be sort of a two-person race."

He took some consolation in polls showing Mr Perot now drawing more heavily among Democrats than Republicans. Mr Mike McCurry, the White House press spokesman, said President Bill Clinton thought Mr Perot's entry would "enliven" the race and force a discussion of issues which the Republicans were "ignoring".

The Reform Party is currently on the presidential ballot in 21 of the 50 states and Mr Perot was confident it would be represented everywhere, as he was as an independent four years ago.

Most polls now give him 10-15 per cent, a fall-off from 1992 but large enough to make a difference in some important states. Though Mr Perot does not appear to be moved by the sort of personal animus towards Mr Dole that he showed against President George Bush, his presence in the race probably makes it harder for the Republican nominee to overcome his present deficit behind Mr Clinton.

Castro warns Olympians over invitations to defect

By Pascal Fletcher in Havana

Cuba's athletes will need more than sporting skills for this year's Olympic games, opening next week in Atlanta, according to President Fidel Castro. They will also need "muscles of the soul" to resist financial offers and invitations to defect while in the US, he warned.

Mr Castro, incensed by the recent defection to the US of two Cuban Olympic boxers and a star baseball pitcher, harangued the island's more than 150 Olympic team members for half an hour in a ceremony on Wednesday night on the evils of treachery.

History would never forgive them if they betrayed their homeland by deserting, he said. The athletes, all presented with a national flag, listened in stony-faced silence.

"Moral medals are more important than gold medals," Mr Castro said. They were a "delegation of patriots" travelling to compete in the "heart of the monster, the empire" - his usual term for Cuba's ideological arch-enemy, the US.

Behind the Cuban leader's wrath is the defection over the last two weeks of three Cuban athletes, all potential medalists in Atlanta. At the end of June, reigning Olympic

bantamweight boxing champion Joel Casamayor and former light heavyweight world champion Ramon Garbey disappeared from their pre-Atlanta training camp in Guadalajara, Mexico, and later surfaced as defectors in the US.

This week the island's Olympic bloc received an even bigger blow when the Cuban baseball team's star pitcher, Rolando Arroyo, departed from the team's hotel in Georgia.

Mr Castro, a keen sports fan, said these athletes had been "hunted" by million-dollar offers from the US. "They know they can't beat us any other way," he said.

Ecuador economic fears subside

By Sarah Kendall in Quito

Mr Abdala Bucaram has spent his first days as Ecuador's president-elect dispelling fears of major changes in economic policy and seeking parliamentary support for his government.

Mr Bucaram has selected a transitional economic team led by three prominent businessmen from Guayaquil, his home city, and moderated his barstern political style. The sure, Ecuador's currency has stabilised following initial post-election weakness.

"The central bank seems to be re-buying some of the reserves put in early this week," said Mr Rodrigo Paz, a Quito banker and former Christian Democrat

candidate for the presidency. "Now everyone is waiting to see who the economic authorities will be. It looks as if the policy framework will not be very different."

Mr Alvaro Noboa, one of the members of Mr Bucaram's transitional team, said that there would be no shock economic measures, that the exchange band system would be maintained and that interest rates must be brought down.

Mr Bucaram won a convincing victory in last Sunday's presidential run-off against Mr Jaime Nebot, the market-oriented Social Christian candidate.

Those in the running for the new cabinet include Mr Rene Bucaram, a cousin of the president-elect and former manager of Texaco, as energy minister.

Both the foreign minister, Mr Galo Leoro, and the head of the central bank, Mr Augusto de la Torre, may continue in their posts.

Observers agree that Mr Bucaram cannot possibly fulfil the wealth of electoral promises made in the heat of the campaign. After last Sunday's victory, crowds began to gather outside Mr Bucaram's Quitoista party headquarters demanding to be listed for low-cost housing schemes.

The sale of part of the state telephone company, Entel, is likely to go ahead and private sector concessions will be used to boost investment in roads, ports and electricity. However, tampering with "strategic sectors" such as the state oil company could be too politically sensitive.

BUSINESSES FOR SALE

Coopers & Lybrand SPECIALIST MEDICAL PRODUCT SUPPLIERS EuroCare (UK) Limited MediQuest Products Limited

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Motor Retailer Aberaeron, Carmarthen and Haverfordwest, West Wales The business and assets of a well known/established West Wales Motor Retailer operating VW franchises is offered for sale as a whole or separately.

PHARMACEUTICAL BUSINESS NEWS The twice-monthly international update on the pharmaceutical industry Published every two weeks, Pharmaceutical Business News brings you up-to-date news, quantitative analysis, forecasts and inside information on new product introductions and joint venture agreements.

Handwritten signature or stamp at the bottom center of the page.

Decline in west S Korean car groups boom India to become major player Big opportunities in China

## Carmakers look beyond established markets

Established motor vehicle markets such as western Europe, the US and Japan, are likely to decline further as the industry looks to new expanding markets such as South Korea, India and China, according to a clutch of reports published this week.

According to an Economist Intelligence Unit report, new car registrations will fall to 12.2m in 2000 from an estimated 12.57m this year as consumer spending stays depressed. Even new types of vehicles, such as urban minicars and new "people carriers" now under development will not lift sales, the report argues.

Rather than stimulating demand, greater choice will only result in changed buying patterns, with consumers switching to smaller vehicles. That will lead to even tougher competition and more pressure on manufacturers' profits as more resources are devoted to marketing and advertising.

Greater output and competition will put car prices under pressure, exacerbating the poor profitability of many European volume carmakers. Almost all new entrants will be from Asia. South Korean car companies, already with booming sales, are expected to reinforce their position in the longer term, the report expects.

Additional low-cost manufacturers from India and, later, China and other parts of southeast Asia, to target Europe. The upbeat outlook for brands such as Hyundai and



Daewoo concurs with a separate report on the future of the south Korean motor industry. This predicts sharply rising output of cars and commercial vehicles in the next five years as new capacity comes on stream and manufacturers push into new markets.

Although the bulk of the rise in production is forecast in cars, which are expected to reach almost 2.7m units by 2000 from 2m last year, South Korea's output of commercial vehicles is also forecast to rise much more sharply. Output about 700,000 units by 2000 against 524,000 last year. The report sees scope for growth in South Korea, despite local fears that the market is close to saturation.

New domestic registrations are predicted to reach 1.9m units by 2000 from 1.56m last year. Although more imported cars will be sold, their market share will remain marginal.

The growing gap between South Korean manufacturers' domestic sales and output will be bridged by higher exports. Although direct exports to neighbouring Asian countries will be a central focus for South Korea's carmakers, the report also predicts a sharp rise in the number of vehicles they will be building abroad. Production by South Korean manufacturers will be a big factor in the expected surge in vehicle output in India, according to a further report. It predicts production capacity of cars will increase more than fivefold to 1.8m units by 2000.

By then, the number of car-makers in India will have soared to 16, against four 18 months ago. If commercial vehicle builders are included, the total will amount to 24 by 2000 compared with 10 today.

The newcomers will help to boost capacity to more than 2.5m units from 750,000 in 1995. The report recognises that exports will also have to rise if all the manufacturers are to find buyers for their planned output. Several commercial vehicle manufacturers are

already trying to boost exports, mainly to Europe, Africa and the Middle East.

But in spite of the risk of overcrowding in the Indian vehicles market, the report predicts exports will not exceed 10 per cent of overall output by 2000, with some car and truck makers limiting their foreign sales efforts to India's immediate neighbours.

Booming domestic demand, as in India, will be one of the driving forces of the motor industry in China, according to a fourth report. The introduction of the socialist market economy in 1993 and promulgation two years later of plans to restructure motor industry policy has opened immense opportunities for foreign companies.

Although Chinese statistics are often confusing, the report says car output could rise to 1.5m units by 2000 and 4m by 2010 from less than 600,000 units last year. It forecasts production of trucks and buses will rise less sharply to between 1.4m and 1.5m in 2000.

- (1) *The New Car Market in Europe*, EIU, +44 171 800 1007, 2855575.
- (2) *South Korea's Motor Industry*, EIU, address and price as above.
- (3) *The Automotive Industries of India and Pakistan*, EIU, E5955945.
- (4) *China's Automotive Industry*, Knibb, Gormezano & Partners, +44 1532 229865, E495.

Haig Simonian

## South America set for boom in new vehicle demand

By Haig Simonian, Motor Industry Correspondent

Economic and political reforms in South America have transformed regional economies, opening the way for a likely boom in new vehicle demand, according to a study by DRI/McGraw-Hill.

Demand for cars, trucks and

buses is expected to rise by 65 per cent to 4.1m units in 2005 compared with 2.5m units last year. Sales of commercial vehicles will also rise substantially but demand for passenger cars is forecast to be the engine for growth.

Sales are expected to rise to 3.3m units by 2005 on the back of rising personal incomes,

cheaper cars and easier credit.

The story today in South America is one of expansion," says Ms Susan Brown, the editor. "GDP growth will average 5 per cent throughout the rest of the decade, compared with 1.5 per cent in the 1980s. This strong growth will translate into income growth recovery to raise motorisation levels."

Brazil will remain the dominant market in the region, accounting for 66 per cent of South American motor sales. Car demand in Brazil should reach 2.2m units in 2005, with total vehicle sales at 2.6m, compared with 1.7m last year.

New market entrants, such as Renault, Mercedes-Benz and Honda, which this year all announced plans to set up new factories in Brazil, will lead to an inevitable decline in the market share held by Volkswagen, Fiat, General Motors and Ford, Brazil's four biggest carmakers. Their share of passenger car sales is predicted to drop to 88 per cent by 2005 from 94 per cent last year.

Country	1994	1995	1996	1997	1998
Brazil	18.8	18.2	18.8	19.4	20.0
Argentina	1.2	1.1	1.1	1.2	1.3
Colombia	1.0	1.0	1.0	1.0	1.0
Chile	0.5	0.5	0.5	0.5	0.5
Venezuela	0.4	0.4	0.4	0.4	0.4
Peru	0.3	0.3	0.3	0.3	0.3
Ecuador	0.2	0.2	0.2	0.2	0.2
Uruguay	0.1	0.1	0.1	0.1	0.1
Paraguay	0.1	0.1	0.1	0.1	0.1
Bolivia	0.1	0.1	0.1	0.1	0.1
Costa Rica	0.1	0.1	0.1	0.1	0.1
Guatemala	0.1	0.1	0.1	0.1	0.1
Honduras	0.1	0.1	0.1	0.1	0.1
Nicaragua	0.1	0.1	0.1	0.1	0.1
Panama	0.1	0.1	0.1	0.1	0.1
El Salvador	0.1	0.1	0.1	0.1	0.1
Total	22.5	22.0	22.5	23.0	23.5

Source: DRI/McGraw-Hill. Figures are in million units.

no operational responsibility in the project - it is a pure investment and could be sold to another, even non-oil, investor without much difficulty.

But if Total of France, responsible for developing the project, were to get cold feet, that would be more serious. Similarly, natural gas projects under study by US companies Targa and Arco could be delayed or shelved. "It is hard to see how petroleum development of this magnitude could take place without a western partner who would at least provide technology," said one Rangoon-based consultant. Indeed, victorious Dutch

campaigners said yesterday they would bring their weight to bear on the French oil group. "The next target is Total," said Mr Gjes Hillems, co-ordinator of the Burma Centre in The Hague.

At Total's annual general meeting last month organisers distributed a letter to shareholders raising questions about its investment in Burma. But all companies have in the past shown themselves resilient in the face of consumer pressure, and both Total and Unocal said yesterday they had

do business in Burma. In Unocal's California base, Berkeley city enacted such a measure a year ago, for example. So did Massachusetts state. Total's 54 per cent-owned US subsidiary operates four refineries and manages 1,850 service stations concentrated in 12 mid-continent states.

Until the Carlsberg and Heineken rows, European activists had less success than their US counterparts. But Burma may lose its European trade privileges under the Generalised System of Preferences because of an investigation by the European Commission into allegations of forced labour in the country, which may give the boycott movement further momentum. EU foreign ministers are to discuss the issue on Monday.

Ms Aung San Suu Kyi, the opposition leader whom the military are trying to press into exile, has said multinationals should stay away until democracy is restored. This week she asked foreign tourists to do the same. Burma has been relying on travel receipts - worth \$170m in the 1994-95 fiscal year - to help finance its rapidly expanding merchandise trade deficit.

Authorities have set an ambitious goal of 250,000 visitors in 'Visit Myanmar Year', which begins in October. Almost 150,000 people visited in 1995-96, 15 per cent from four European countries - France, Britain, Germany and Italy. Some European travel operators have, however, stopped booking tours to Burma. US hard line on Burma, Page 7

## Western companies encounter protesters on road to Burma

After Heineken campaign Dutch activists will target French group

By Ted Bardecke in Rangoon, Gordon Crabb in Amsterdam and David Owen in Paris

"Heineken out of Burma" proclaimed the T-shirts worn by Dutch trade union activists at a spring human rights rally. On Wednesday their wish became reality as the Amsterdam-based beer multinational announced its withdrawal from Burma.

The sale of its stake in a half completed brewery to Fraser and Neave of Singapore came a day after Carlsberg of Denmark abandoned plans to build a similar facility. Their retreat, under pressure from US and European campaigners against the Rangoon military regime, reflects the vulnerability of companies in the consumer sector to publicity likely to damage their brand image in important western markets.

Mr Karel Vuursteen, Heineken chief executive, acknowledged as much when he said that public opinion on Burma had "changed to a degree that could have an adverse effect on our brand and corporate reputation." The company's \$90m Burma venture had brought it under fire from its unions and from activists on both sides of the Atlantic - its beer is the top foreign brand in the US.

Heineken said the campaign had not yet dented sales. And for Burma itself, the withdrawal is also damaging mainly in image terms. As one diplomat put it, "The Heineken move is largely symbolic. The Burmese will still get the investment in the brewery. But the question is at what point do potential investors look at all the fuss and are deterred

no intention of pulling out. Total argued yesterday that its investment could not be compared with the breweries because it was so long term in nature. First gas production is expected in 1998, with output lasting an estimated 30 years.

Royalties would not begin to be paid to the Burmese government until around the start of the next century.

Where Total, and more so Unocal, could be hurt is if more US local authorities pass so-called selective purchasing ordinances. These bar public sector units under their control from buying goods or services from companies which

do business in Burma. In Unocal's California base, Berkeley city enacted such a measure a year ago, for example. So did Massachusetts state. Total's 54 per cent-owned US subsidiary operates four refineries and manages 1,850 service stations concentrated in 12 mid-continent states.

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## WORLD TRADE NEWS DIGEST

### Japan attacked on liquor taxes

The European Commission yesterday took an important step toward prising open Japan's liquor market after a World Trade Organisation report said Japanese taxes discriminated against imported whisky, cognac, vodka and other spirits.

The report must still be endorsed by the WTO's dispute settlement body, but Commission officials expressed optimism that its findings would remain intact. The Commission served notice it would urge Japan to introduce reforms into its annual budget by April next year and would press other countries, notably South Korea and Chile, to end similar discriminatory tax regimes.

A spokesman for Sir Leon Brittan, chief EU trade negotiator, said the WTO report could mean a big boost for the European drinks industry.

According to Commission figures, whisky exports to Japan by volume fell by 25 per cent between 1994 and 1995. Japan imports only 8 per cent of its drinks consumption, compared with an average of about 30 per cent in other industrialised countries, the Commission said.

### Transatlantic trade area plea

Mr Klaus Kinkel, German foreign minister, yesterday called for a step-by-step liberalisation of trade and investment between the European Union and the US as a step towards a transatlantic free trade area. Welcoming a study commissioned by the German federation of industry (BDI), he said Europe and the US should first concentrate on solving trade issues such as harmonisation of standards and mutual recognition of testing procedures. Among other steps, Mr Kinkel called for the dismantling of trade discrimination in public procurement, a joint investment protection agreement and liberalisation of audio-visual services.

Mr Kinkel argued last year that a transatlantic free trade area would revitalise US-EU relations. He acknowledged yesterday it was a distant goal and not realistic at present. But the idea could serve as a lever for greater trade liberalisation, he said.

### Tokyo in satellite launch bid

The Japanese government is negotiating with the European Space Agency for Japan's next-generation rocket, the H2-A, to launch an experimental communications satellite for the European agency in the year 2000. Agreement is expected this year on what would be Japan's second contract to launch a foreign satellite, according to an official of Tokyo's Science and Technology Agency.

The announcement comes week after Rocket Systems Corporation, a private-sector Japanese consortium, announced it was poised to win Japan's first contract in the fiercely competitive commercial launch business, from Hughes Space and Communications International, the world's largest maker of satellites.

This second potential contract - which would be with the Japanese government space agency, rather than with the private sector - underlines the seriousness of Japan's long-delayed attempt to enter the world space industry as a serious participant.

William Dawkins, Tokyo

## Crotone Sviluppo

Società Consortile per Azioni

### GLOBAL SUBSIDY FOR THE CRISIS AREA OF CROTONE - ITALY

Aid for the realisation of entrepreneurial initiatives and inter-company infrastructures

Following the announcement published in May 1995, notice is hereby given that the European Union has decided to grant Crotone Sviluppo a FESR contribution of 35 million ECU (equal to approximately 70 billion lire) to be destined for a Global Subsidy for the realisation of the crisis area of Crotone. This contribution is co-financed by the Ministry of Labour which, on 3 May 1996, decreed the granting of a further contribution of 27.2 billion lire and by the Regione Calabria which, on 25 November 1994, decided a financing of 5 million ECU (approximately 10 billion lire).

Crotone Sviluppo - a syndicate company with mixed private and public capital established in December 1993 with the aim of promoting the relaunch of the production activities and employment in the Province of Crotone - authorised by the Italian Foreign Exchange Office to operate as a Financial Intermediary Authority, will manage the above mentioned Global Subsidy. The agreements relating to the procedure for the realisation of the Global Subsidy are presently under negotiation between Crotone Sviluppo and the European Union and between Crotone Sviluppo and the Ministry of Labour.

The Global Subsidy for companies will be divided between technical assistance for the elaboration of projects, the awarding of recognised grants and support for the starting up of the initiatives.

For each initiative considered eligible, Crotone Sviluppo will organise specific inquiries aimed at verifying the technical-economic viability of the initiative and evaluating the reliability of the proposing entrepreneurs.

#### RECIPIENTS OF THE GRANTS FORESEEN BY THE GLOBAL SUBSIDY ARE:

- New initiatives by small and medium sized enterprises, including artisan companies, who will be able to benefit from a recognised grant of up to a maximum of 50% calculated in Net Subsidy Equivalent plus a further 15% in Gross Subsidy Equivalent;
- New initiatives by large enterprises who will be able to benefit from a recognised grant of up to a maximum of 50% of Net Subsidy Equivalent.

The subsidised initiatives, for both small and medium sized enterprises as well as for large enterprises (see enclosure to the Recommendation of the Commission no. 96/280/CE of 3/4/96 EC Official Gazette no. L 107 of 30/4/96), must be situated in the Province of Crotone.

Extensions of pre-existing activities in the Province of Crotone will also be eligible provided that they are characterised by significant increases in employment levels.

To be eligible for the benefits of the Global Subsidy, the initiatives must be part of the manufacturing sectors of Classes C - D of the Classification of Economic Activity ISTAT '91 or services for companies if these activities are connected to the production cycle of the same.

For the manufacturing sector the following are excluded:

- Classification ISTAT '91 13.10, 13.20, 27.10, 27.22.1, 27.22.2 (iron metallurgy);
- Classification ISTAT '91 24.70 (synthetic fibres);
- Classification ISTAT '91 34.10 (cast industry);
- Classification ISTAT '91 35.11.1, 35.11.3 (naval dockyards).

The EU reserves the right to decide the eligibility for grants from the Global Subsidy of the initiatives which form part of the sector of the transformation of fish and agricultural products - as per the proposal by Crotone Sviluppo accepted by the Regione Calabria - and of the production of electricity according to the specific details still under consideration.

The service activities eligible for grants will be, by way of example, the following: maintenance and assembly of equipment; transport and handling of goods; machinery and lifting equipment hire; inspection, technical analysis and quality control; treatment and disposal of civil and industrial waste; water and waste liquid treatment; canteens, security and surveillance and other similar activities. The projects presented and considered eligible will be classified according to the following criteria:

- value of the capital invested in the initiative by the enterprise compared with the total investment.
- number of employees activated by the initiative compared with the total investment.

For the purposes of classification, the procedures of standardisation and of the consequent total deviation will be used, as per sub-section 4 of article 6 of the Ministry of Industry Decree 20/10/95 no. 527, within the limits of the indicators in numbers 1 and 2 (regulation containing the method and procedure for the awarding of grants in favour of production activities in depressed areas of the country - Gazzetta Ufficiale no. 292 of 15/12/1995).

Furthermore, the Global Subsidy will finance 75% of the realisation of the minor inter-company infrastructures for the recipients of the recognised grants, proposed by the Consortium for the Nucleus of Industrialisation of Crotone.

The companies or parties, which intend to present investment projects for concessions from the Global Subsidy, must file their application according to the forms which will be supplied by Crotone Sviluppo - attaching a company profile and/or names of the proposers as well as the executive project of the initiative together with the economic/financial plan - by registered post addressed to CROTONE SVILUPPO S.p.A., S.S. 106 Isonica - 88074 CROTONE - Italy, not later than 1 p.m. on 31st October 1996.

Further information about the procedure for presenting the investment projects, together with the relative forms to be used, can be requested directly from the Intermediary Body:  
Crotone Sviluppo S.p.A., S.S. 106 Isonica - 88074 Crotone - Italy - Tel. +39/962/938000 - Fax +39/962/930033

The inquiry carried out by the Intermediary Body for the selection of the projects and for the admission of the initiatives for the foreseen subsidies is final. The grants will be awarded within the limits of the available public funds. The classification of the eligible initiatives will be made public.

NEWS: INTERNATIONAL

Egypt eyes closer ties with Turkey

By John Barham in Ankara

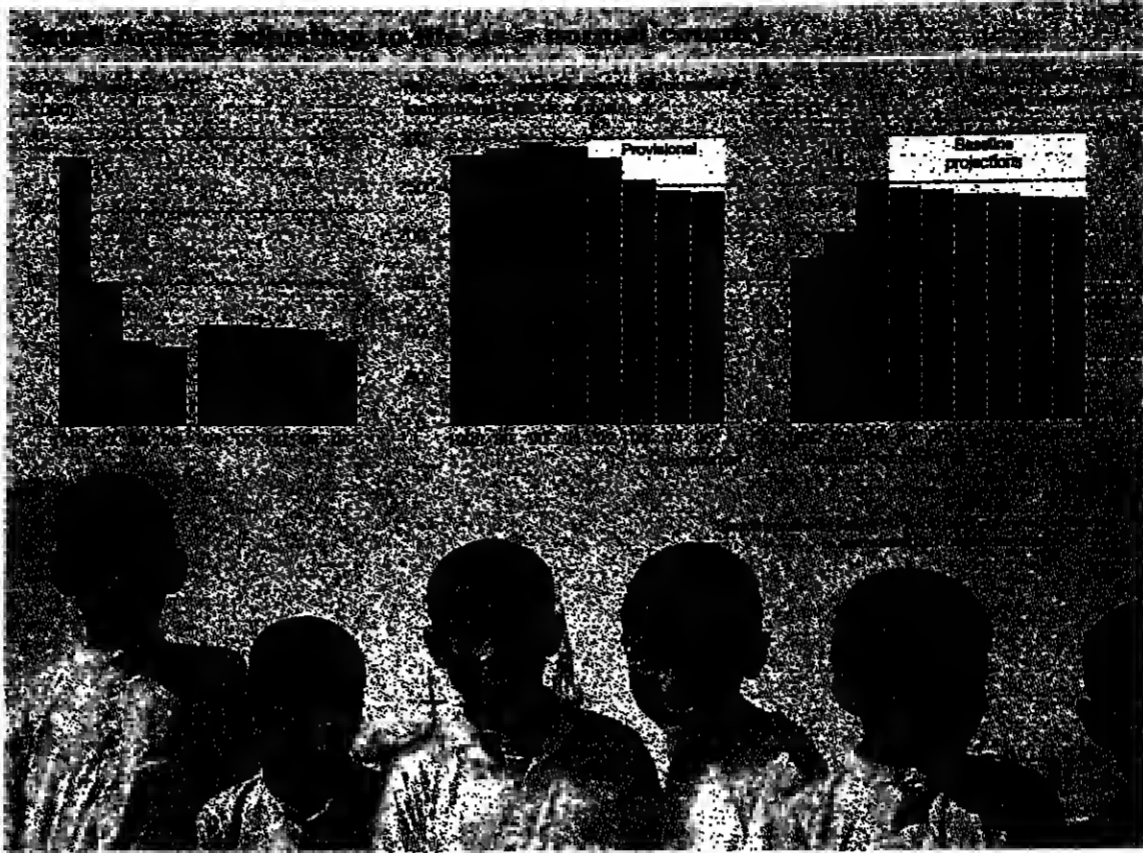
Egypt's President Hosni Mubarak, eyeing closer ties with Turkey's new Islamist leader, yesterday softened recent criticisms of Ankara and said he was gratified by "peaceful and neighbourly ties with brother Turkey".

as a potentially explosive flash-point. Both countries began massing troops along their 870km border at the beginning of the year. Analysts believe Turkish generals negotiated the military agreement with Israel to punish Syria, for supporting the separatist Kurdistan Workers party (PKK).

Giving young Saudis a stake in the future

Roula Khalaf on the pain of adjustment in a Saudi Arabia with more people and fewer resources

When Abdelrazak enrolled in a Saudi college of public administration two years ago, he thought he would complete his studies at leisure and find a cosy half-day post, a handsome salary and, among other benefits, an interest-free loan to buy a house - all courtesy of the government.



With his father's business faltering in a generally stagnant economy, Abdelrazak is instead forced to work as a full-time cashier to help support his 11 brothers and sisters. When he graduates in two years' time, he will find that jobs are no longer assured, salaries are lower and the waiting list for loans is long.

In the wake of the bomb attack on a US Air Force housing complex in Dhahran in eastern Saudi Arabia, thought to have involved young Saudis swept away by religious fervour, attention is again focusing on the need to adjust economic and social policies to ensure that young men like Abdelrazak are secured a comfortable place in Saudi society and a stake in the country's stability.

ment Fund although companies can sometimes negotiate a lower rate. The banking sector and some quasi-government companies have successfully become largely "Saudiised". Elsewhere, however, the process is running into obstacles. The private sector, parts of which are already at odds with the government over payments owed on past government contracts, is viewing it as unfair taxation at a time when the five-year plan is aimed at diversifying the economy and promoting the private sector.

pampering refuse to take menial jobs, expect instant advancement and much higher pay than foreign workers. "I once had the father of an employee call me to tell me I made his son work too hard," says Mr Khaled al Maena, who runs a media and public relations firm.

King's advisers explain why democracy 'would not work'

By Roula Khalaf

Senior British officials yesterday played host to a delegation from Saudi Arabia's consultative council, in what British officials see as a further sign of improved UK-Saudi relations.

The Saudi version of a parliament revived by King Fahd in 1993 in response to demands for political liberalisation. Its 61 members, all technocrats, are appointed by the king, who can ignore their deliberations.

the council's president, went to great pains to explain the merits of "consultation" - a concept enshrined in the Koran, the Muslim holy book - as against multi-party democracy. The reason democracy would not work in Saudi Arabia, he said, was that elections in a tribal society would not produce the

high calibre now found among members of the council. Although considered a step in the right direction, the council is viewed with scepticism among Saudis eager for political change. Most of the council's deliberations have been on commercial law issues and ratifications of treaties. A big

achievement was an amendment to the 1995 budget, in which the council proposed that electricity charges be increased. In general, however, the council is not involved in budget details, an issue of great importance to the Saudi economy. Business sources in the

Kingdom say that in an effort to curb unnecessary spending at a time when the Saudi government is strapped for cash, the council last year sent a recommendation to the King that all income be part of the budget and expenditures reappropriated, but has so far received no response.

Netanyahu angers Palestinian leaders and Israeli unions alike

By Julian Ozanne in Jerusalem

Israel's new government came under intense pressure at home and abroad yesterday as unions announced a 24-hour strike next week and Arab leaders vented anger against statements made in Washington by Mr Benjamin Netanyahu, Israeli prime minister.



Netanyahu speaking in Washington on Wednesday

ports, banks, government offices, health services and local authorities. Officials of Mr Netanyahu's rightwing Likud party said the strike was politically motivated and encouraged by mem-

bers of the defeated Labour party. They said it marked a last-ditch effort by the once powerful Histadrut to continue to have an impact on national economic policy. As Mr Netanyahu faced his first real national political test at home, Arab leaders criticised his speeches made during an official visit to Washington where he laid down a hardline stance towards the Middle East peace process.

South African bank chief sees growth of 6% by year 2000

By Mark Ashurst in Johannesburg

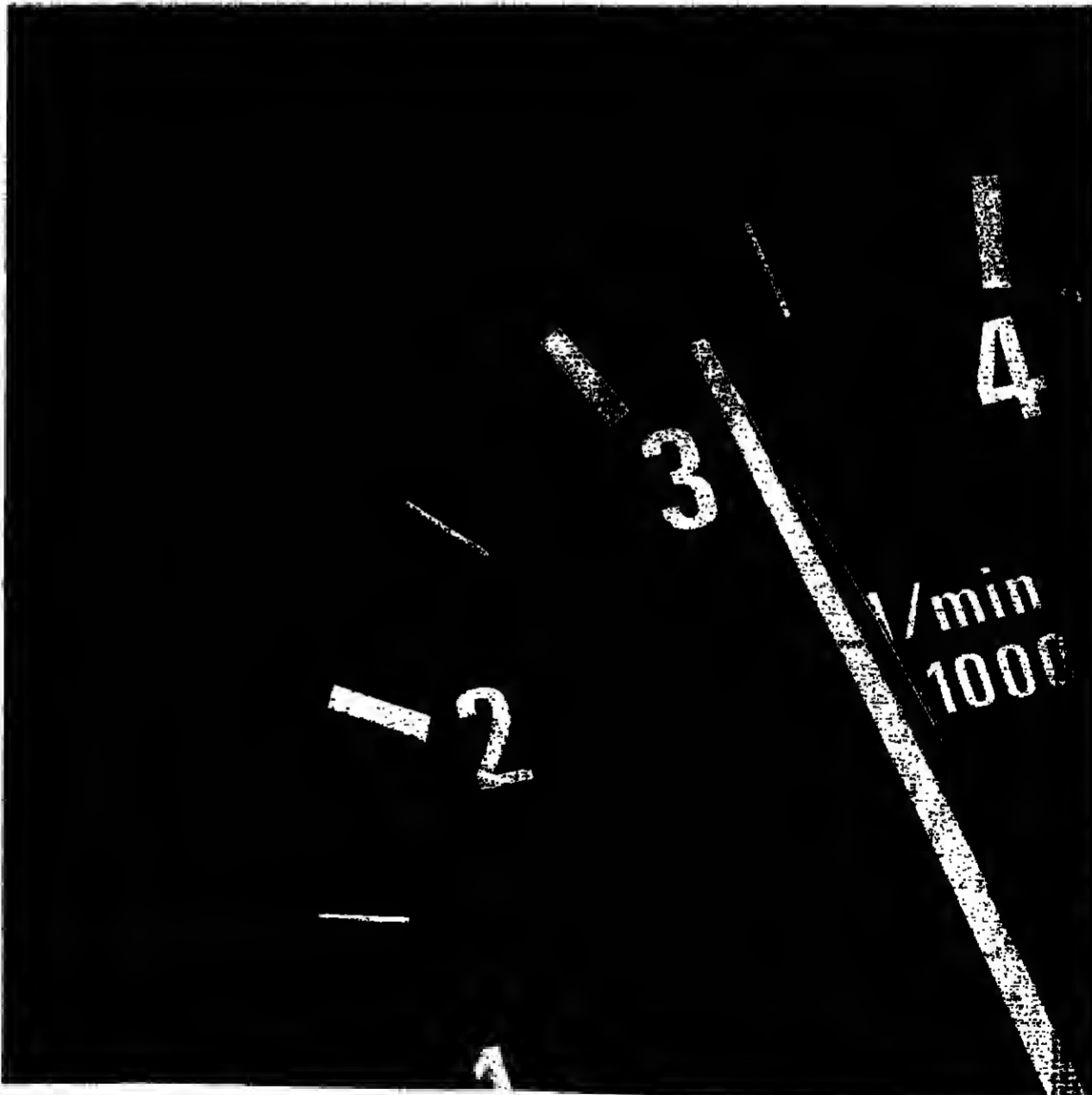
Mr Chris Stals, governor of the South African Reserve Bank, has shaken off rumours of his imminent resignation, resurfacing in London yesterday, to give a bullish report of the country's economic prospects. South Africa could expect annual economic growth of 6 per cent by the end of the century and hoped for inflation of well below 10 per cent, he said.

flexibility in the labour market, liberalise trade and cut the deficit, he said. "Why should the approach to foreign exchange controls be any different?" Prior to scrapping exchange controls, the government should reduce the tax burden on investors, which distorted the income on rand-denominated investments, he said. For the past five years, interest earnings had been broadly in line with that of dollar-denominated investments. "But as we lift exchange controls we must reassess tax to take account of interest rate differentials and other details that affect investment earnings."

Stals shrugs off rumours in London that he is about to resign. we all work together". Addressing the South African Institute of International Affairs in Johannesburg while President Nelson Mandela is on a state visit to London, Mr Stals again ruled out a "big bang" abolition of exchange controls. "The nation's economic policy assumed a process of "gradualist adjustments" to increase

"no cover and no hedge". In the event of a crisis, such as the recent 18 per cent devaluation of the rand between February and May this year, their efforts "to get out" could damage financial stability. Mr Nico Crypyonka, economist at Standard Bank, welcomed the government's macroeconomic strategy and praised "the extreme consistency of (monetary policy) the Stals era". But he warned that the abolition of exchange controls "by salami slices" encouraged speculation and dismissed suggestions of huge capital flight if restrictions were lifted. "Absolutely nothing is going to happen," he said. Local interest rates were "penal", he said. With negligible growth in the critical manufacturing sector, South Africa's low domestic savings rate of 1 per cent among individuals was a dangerous omen. "If agriculture does not stand out, what will drive the economy?" Urgent attempts to reduce government consumption, "the biggest obstacle to growth", were vital.

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JAVIER L... 1350

July 12 1996

RECRUITMENT

JOB: Companies can test for necessary traits when choosing employees to work abroad

The will and the skill to travel well

What sort of questions should companies ask when they are choosing people for foreign assignments? Should technical competence be the overriding factor?

In some cases specific abilities necessary to do the job may limit the choice but usually it is possible to broaden selection criteria.

John Crump of Kaisen Consulting, Bristol-based occupational psychologists, says that some people prove less adaptable than others when they go overseas.

Not everyone could work, for example, in Kazakhstan, but many more, perhaps, could handle a posting to a Caribbean island such as St Lucia.

Crump argues that companies should seek to examine their employees' inter-cultural adaptability. This can be tested for psychometrically.

At the same time it is important for individuals to display resilience and to preserve a sense of their own culture.

ability and a useful escape from the expatriate lifestyle. Those, however, who crave constant social contact can sometimes be more vulnerable.

Speaking at a Price Waterhouse International Assignment Services Conference, he did not manage to convince the whole audience about one of his assertions when he was asked whether some nationals were more adaptable than others to foreign lifestyles.

He said there was no statistical difference between cultures. "It is much more to do with the way you are as a person. I think it is wrong to stereotype nationalities," he said.

The conviction that stereotypes exist may well be anecdotal and folkloric but almost everyone I spoke to privately had an example they could quote, be it "conformist and efficient" Germans, Italians who "talk too much" at conferences, naive Americans, standoffish Britons or arrogant French

men. Interestingly, they could turn these traits upon their heads, depending on their prejudices. One man's insufferable Frenchman can be another's paragon of culture and charm. Once they felt it acceptable to say so, virtually everyone had a story that illustrated the stereotype.

While political correctness may push these beliefs beneath the surface they can maintain a powerful presence, if only subliminally, in decisionmaking.

Recognition of racial bias is one reason why many personnel departments attempt to weed out evidence of ethnicity from job applications. It is more difficult to get rid of such bias when the candidate is known to the decisionmakers.

His solution is to test for suitability. It also pays, he says, to listen carefully to people's preferences. He has found, for example, that people who want to work overseas tend to adapt more readily than those who do not.

While this may seem blindingly obvious it is something that is often ignored by managers who have one individual in mind and who become, as a result, blinkered to warning signs that they have made the wrong choice.

Flexible job market

While debate continues over the extent of the trend towards the flexible labour market, attitudes to flexibility among working people appear as entrenched as ever.

The overwhelming majority of job-seekers, according to a new piece of research, still want a full-time job.

The research, carried out by Sanders & Simey, the outplacement specialist, canvassed the views of 79 employers and 281 job seekers who had undergone outplacement programmes. Nearly three-quarters of employers had begun to offer temporary contracts and thought they were here to stay.

on the whole, that companies stood to gain most. But there were one or two other pointers in the study which suggested that potential gains may not be clear-cut.

There was little evidence of any progress in improving the attraction of short-term contracts. People were concerned that they would have difficulties making long-term financial commitments such as mortgages and insurance policies.

Additionally, the majority of job-seekers thought that fixed-term contracts could adversely affect a company's culture, making team-building more difficult, causing uncertainty among employees, and making them less committed.

There seems to be a view that the hostility of employees to fixed-term contracts is to be expected but will subside in time. Veronica Hope Hailey, a lecturer in human resource management at Cranfield School of Management, says: "The prevailing mood is normal in a time of transition and does not imply an

indictment of the change itself but of the process of change."

Certainly, the process of change could have been handled better. Contract work has been introduced without much restructuring of loan mechanisms that assume continuity of employment.

Until this support system changes we might expect current attitudes to prevail and employers may ask themselves if they are losing the best job candidates to competitors who offer a full-time job.

The inequities of the two-tier system of employment that has emerged in recent years, along with downsizing, has led Geoff Armstrong, the director general of the Institute of Personnel and Development to call for a government inquiry into employee relations.

Additionally he argues that boards should set out their management and employee development approaches in their annual reports.

While such a demand has merit the problem with policy outlines is that they can turn out to be as empty as a mission statement - worthy stuff but sometimes no more influential than Neville Chamberlain's famous piece of paper.

Do titles matter? The case for increasing job status seems unsustainable in a business climate that demands flatter structures, less hierarchy and an end to traditional distinctions between blue and white collar workers.

At least that was my understanding until I saw the announcement this week that Oxford University had almost doubled its number of professors, creating 162 professorships in a single day.

They will get no more mooney sod more duties. They don't even get a different colour chair. But they will be mindful of the cachet conveyed by the title of professor on the lucrative and impressive US lecture circuit. Job titles, it seems, still make a difference.

Richard Donkin

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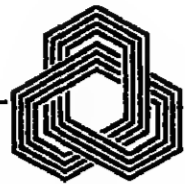
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- Fundamental aspects of economics with in-depth knowledge of International Equity Markets, with particular emphasis on U.S. and European markets.
- Most likely a numerate graduate, in his mid 30's - mid 40's, with a minimum of 10 years equity investment management experience.

Assistant Portfolio Manager - Equities

This position reports directly to the Manager - Equities.

- Equity Portfolio Investment / Trading.
- Fundamental aspects of economics with good understanding of International Equity Markets, with particular emphasis on U.S. and European markets.
- Demonstrate good analytical skills and portfolio management abilities.
- Integral team member, providing both research and analytical inputs.
- Talented graduate, in his 30's, with a minimum of 5 years equity investment experience either as an analyst or portfolio manager.

Candidates are expected to be team players with good inter-personal skills and a profit making track record.

In addition, PC skills with Portfolio Management software, and good understanding of spreadsheet and database applications will be beneficial. The candidates will also be required to assist in the preparation of formal reports on market conditions and appropriate strategies.

The candidates are expected to possess excellent verbal and written communication skills. Individuals must have the ability to think independently and to back their own judgment.

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The successful candidate will have an excellent first degree in economics and probably a masters degree. Recent work experience will include at least two years spent as an Eastern European macro economist, preferably within a financial institution, a multilateral organisation or an economic consultancy. An understanding of interest rate markets is essential, together with fluency in English and at least one other relevant language. First class presentation and written communication skills are also required.

A highly competitive remuneration package is offered which will reflect the demands and importance of the position, together with the experience and ability of the individual. If you are interested in being put forward for this position, please contact Clare Keams at ASL Search and Selection.

ASL Search and Selection  
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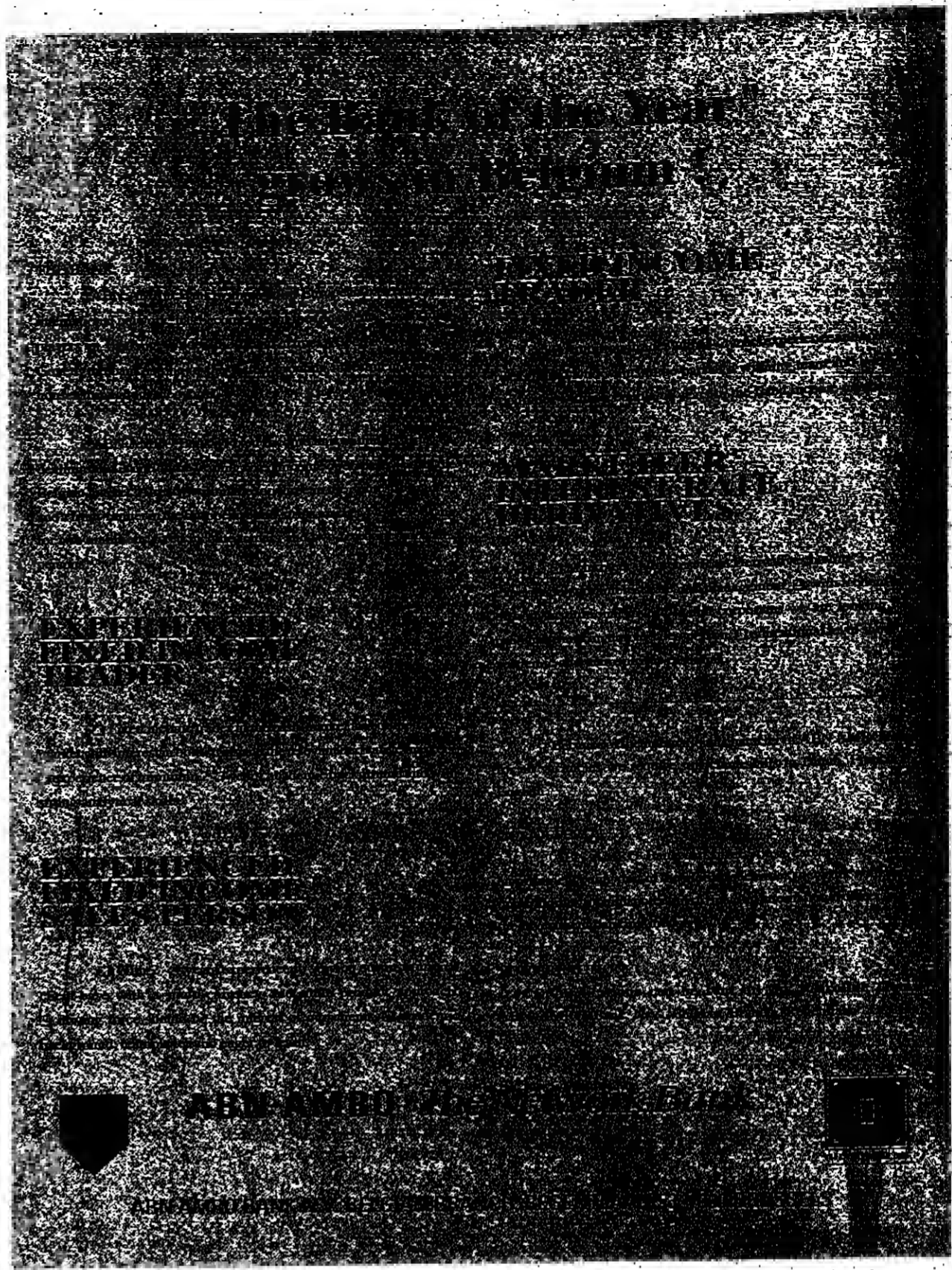
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This will involve leading discussions with other regulators and analysing complex market situations against relevant legislation and high standards of integrity. The product will be guidance and/or regulatory proposals to address these issues. It will be necessary at times to give rapid views and guidance on real time market issues.

Candidates for this role must have proven leadership and analytical skills combined with excellent spoken and written communication skills. Familiarity with the law and drafting documents is necessary though a formal legal qualification is not a pre-requisite. Of greater importance is an ability to build consensus and complete projects quickly and efficiently through pro-active negotiation. Excellent project management skills are imperative. Previous knowledge of financial markets is an advantage but candidates with a demonstrable interest in financial markets and prepared to undertake a steep learning curve will also be considered.

Interested applicants should in the first instance contact Sue Lintern at Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LH for an information pack, quoting reference number 299525. Telephone 0171 831 2000. Closing date Wednesday 24th July 1996.



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#### QUALIFICATIONS

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Roger Edmunds Vice President - Administration	ERM GASSEN & Co 4 Lombard Street London EC3V 9AD	Telephone +44 171 929 2000 Telefax +44 171 929 0432
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Member of the International Association of Investment Bankers  
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### Head of Retail Banking Belize



BH Corporation operates and invests in selected growth industries in Central America and the Caribbean region. BH's core business activities are banking and financial services and construction and property development. BH also has strategic investments in regional growth industries, including infrastructure and agro-processing and distribution.

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Comprehensive CVs should be sent by mail or fax to Mr R E Painter, who is advising the company on this appointment, at 100 West Hill, London SW15 2UT, England. Fax No: (44) 0181 875 9810.

Closing date: 24th July 1996.

Further information about the company will be supplied to shortlisted applicants.

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Please reply in writing with a full CV to: Mrs Jane Cole, Personnel Manager,  
Guinness Flight Global Asset Management Limited,  
Lighterman's Court, 5 Gainsford Street, Tower Bridge, London SE1 2NE.  
The closing date for applications is Friday 26th July 1996.

Issued by Guinness Flight Global Asset Management Limited, regulated by IMRO and the Personal Investment Authority.

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<b>Media/Leisure Analyst</b> Credit analyst specialising in the media and/or Leisure industries required to join a leading investment bank. Minimum of three years experience required.	<b>£28-36K</b>	<b>European Fixed Income</b> Opportunity to join fixed income research department of prestigious bank. Applicants should have a minimum of one year analytical experience, a good degree and be able to demonstrate a keen interest in fixed income markets. Good credit or accounting skills are required for this high profile position.	<b>to £40K</b>
<b>German Corporates</b> German speaking graduate with three years experience of analysing German corporates required for European desk of major bank.	<b>£28-30K</b>	<b>Bank Analyst - Fixed Income</b> Top quality bank analyst required by major bank to work in fixed income credit research team. Applicants could come from a rating, equity or fixed income background but must have an intimate knowledge of European banks. The successful candidate will work closely with sales and trading staff advising on the impact of credit issues on the Euro - markets.	<b>£100K +</b>
<b>Spanish / Italian</b> We are currently handling a number of assignments for credit analysts fluent in Italian or Spanish. Applicants must be graduates with formal credit training and at least three years experience in analysing UK or European corporates gained within an international bank.	<b>£28-35K</b>		

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(Job Ref. FSS 101)

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B. S. in Economics or Finance, MBA preferable and a minimum of (20) years experience & active engagement in Financial Industry with at least (10) years experience in a Capital Officer management position.

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FINANCIAL TIMES COMPANIES & MARKETS

Friday July 12 1996

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IN BRIEF Matif and DTB look at clearing system



The French and German derivatives exchanges are renewing discussions about the development of a common clearing system for their products after abandoning more wide-ranging co-operation plans this year.

US paper groups suffer big falls Two big US paper companies, Georgia-Pacific and Champion International, mirrored International Paper's results on Tuesday by reporting profit downturns in the quarter to June.

Brazilian state in talks on power sale The Brazilian state of Minas Gerais is in talks with two potential investors - Southern Electric of the US and Chilectra of Chile - over the sale of a 32 per cent share of the voting capital of Cemig, the state electricity company.

Roche and Abbott to seek Aids approval Roche, the Swiss drug company, and Abbott Laboratories, its US rival, plan to seek approval of a new Aids treatment early next year following publication of some of the most promising trials results released at this week's international Aids conference in Vancouver, Canada.

Kvaerner to drop Trafalgar House name The Trafalgar House name, adopted by Sir Nigel Croxall when he founded the construction, engineering and shipping group in 1966, is to disappear following the company's \$504m (\$1.4bn) purchase by Kvaerner, the Norwegian engineering and shipbuilding group.

Tribal violence stalls Indian gas search A sustained violent campaign by tribal insurgent groups in the north-east Indian state of Tripura is seriously hindering efforts to develop the state's gas resources.

Polish index's loss reaches 6% for week In Warsaw, shares fell for the fourth consecutive session, bringing the WIG index's loss so far this week to 6 per cent, although it is still up about 30 per cent on the year. The index lost 1.5 per cent to close at 13,424.9.

Table with 2 columns: Company Name and Price/Change. Includes companies like 3 Arts Entertainment, Abbott Laboratories, Air Canada, etc.

Table with 2 columns: Market Statistics and Values. Includes Annual reports service, Bond futures and options, etc.

Table with 2 columns: Chief price changes yesterday and Values. Includes shares like Alcoa, Amstar, etc.

Gazprom plans October share offer

By Nicholas Denton in London and John Thornhill in Moscow

Gazprom, the Russian energy company with hydrocarbon reserves greater than Shell and Exxon combined, plans in October to offer up to 9 per cent of its shares internationally.

Gazprom announced yesterday, had been on hold but President Yeltsin's re-election this month revived international confidence in investment in Russia and prospects for the deal.

contents with a host of problems such as late payment by customers, whose arrears increased by Rbs1,000bn (\$196m) in the last quarter alone, according to the company.

banks such as CS First Boston - would distribute the offering. However, Gazprom left open the position of lead manager.

trade sale to a group of west European energy companies such as Gaz de France which the investment bankers thought would have stomach for the risks in investing in the Russian gas conglomerate.

Deutsche Babcock to offload 'jewel'

By Michael Lindemann in Bonn

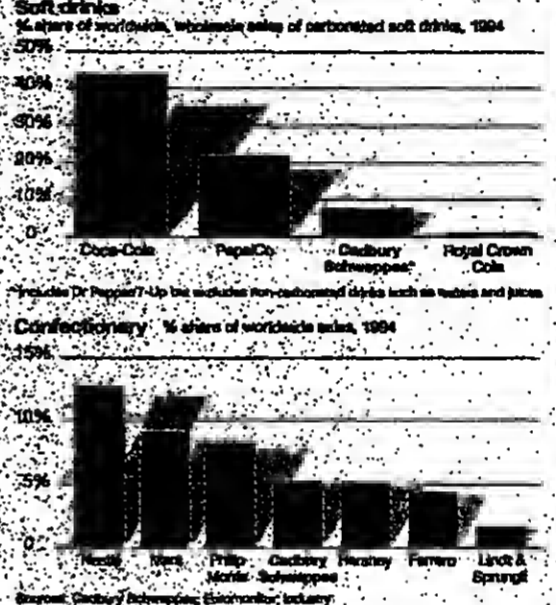
Deutsche Babcock, the German engineering conglomerate, has won agreement from creditor banks for an additional DM600m (\$895m) in funds and is planning to sell the stake in Schunag, the engineering company which is its most profitable business.

Food and drinks group has a strategic dilemma - it's not big enough

Toss a can of Dr Pepper around Cadbury Schweppes' London headquarters and chances are you will hit a single senior executive - they are usually on the road, such as the demands of building global businesses in soft drinks and confectionery.

Cadbury hopes a diet of chocolate will help it grow

Waiting to tuck in



The second largest non-cola soft drinks group in the world. The Dr Pepper deal made Cadbury more of a threat to Coca-Cola and Coca-Cola responded ruthlessly. It dropped some Cadbury root beer and fruit juices from its bottling system, vowing to unseat Cadbury as US root beer leader by the year-end and is trying to stall 7-Up with Sprite.

could be tricky. With PepsiCo probably blocked by US anti-trust laws, "who else wants to get into soft drinks in competition with Coke?" asks one US analyst. Perhaps only Procter & Gamble, Nestlé and Unilever have the money and confidence but that does not mean they would buy.

As chief executive and potential chairman when Mr Cadbury retires in 2000, Mr Sunderland will wrestle with these strategic issues. If he resolves none during his term, he will have to balance opportunities for incremental growth against Cadbury's relatively limited resources - and under pressure from bigger competitors.

Deutsche Babcock's five core creditor banks said they would support the company, while most of its 50 smaller creditor banks have also indicated they would persevere with outstanding funding arrangements.

Cadbury executives privately confess their interest in these companies but acknowledge they could wait years even to strike up some form of alliance. Meanwhile, they are broadening Cadbury's product range abroad and extending its geographic reach.

Cadbury is renowned for its marketing skills, as witnessed by its 12 per cent operating margin, the highest among large UK-owned food and drink groups. It is happy to franchise these brands to other bottlers rather than own its production.

Cadbury is plunging deeply into brand franchising by selling its UK bottling joint venture with Coca-Cola.

For all the fame of Schweppes, the market share is small. Cadbury has only one brand in the UK top 10 - Cresta at number six - and is a weak third to Coke and Pepsi. Cadbury has 8.5 per cent of the market but private label and minor brands have 46 per cent, according to Beverage Digest, the US trade publication.

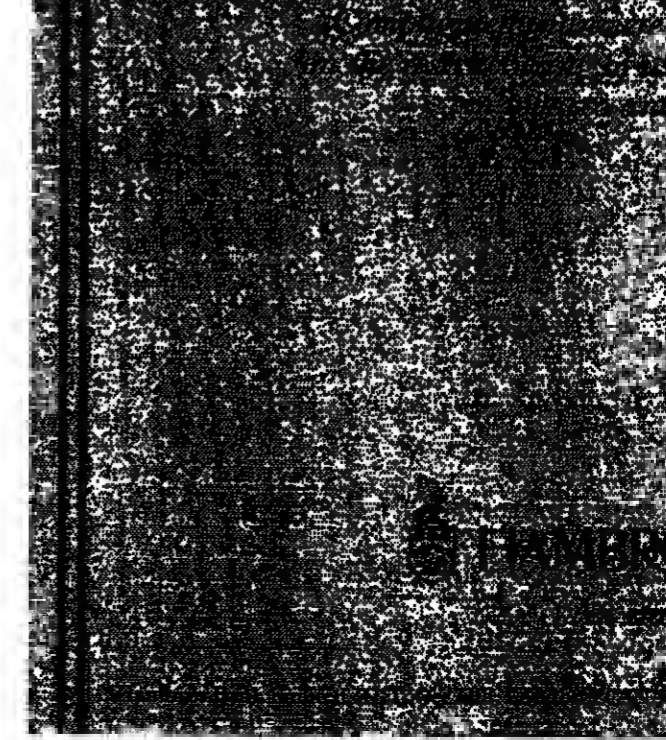
Barrick bids C\$915m for golden opportunity in Peru

By Bernard Simon in Toronto

Barrick Gold, the biggest gold producer outside South Africa, unveiled a C\$915m (US\$669m) cash bid yesterday for Vancouver-based Arequipa Resources, a four-year-old exploration company whose main asset is a promising gold property in Peru.

very interesting resource. We would like the opportunity to develop it." Barrick has offered C\$27 for each of Arequipa's 33.9m shares. The offer is 23 per cent higher than Wednesday's closing price, but below its recent peak of C\$34.75. The offer is conditional on acceptance by holders of at least 50.1 per cent of Arequipa shares.

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Vertical advertisements on the left margin including 'ANKERS', 'CITIBANG', and 'Les Fiches'.

COMPANIES AND FINANCE: INTERNATIONAL

HP warning hits US technology stocks

By Louise Kehoe in San Francisco

US high-technology stocks fell sharply yesterday morning following Hewlett-Packard's warning that it is seeing a broad slowdown in order growth involving most of its products in many regions of the world.

dropped 3 1/2% to trade at \$50. Intel was down 2 1/2% at \$70 1/2 and most other technology stocks followed suit.

"We're seeing the effects of customers and channel partners [distributors] who are adjusting their inventories and capital spending," Mr. Law Platt, chairman and chief executive, said.

fundamental shift in the business climate or more seasonal, transitional fluctuations in demand," Mr. Platt said.

Other leading US computer companies were precluded from commenting on market conditions because they are in a "quiet period" imposed by the Securities and Exchange Commission immediately prior to their quarterly earnings reports, which are expected over the next two weeks.

Paper companies see profits tumble after price falls

By Richard Tomkins in New York

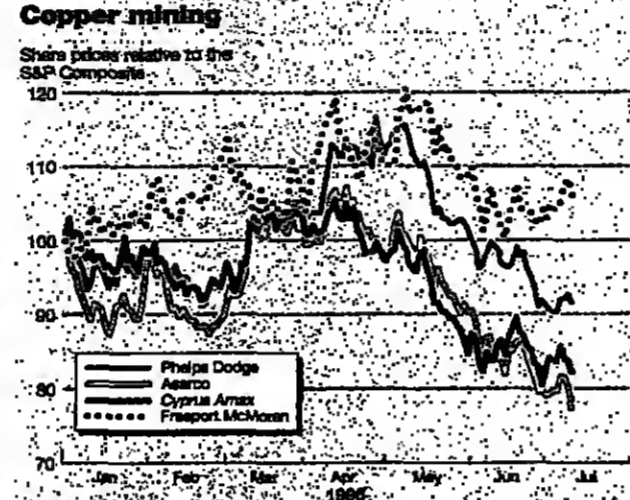
Two big US paper companies, Georgia-Pacific and Champion International, yesterday mirrored International Paper's results on Tuesday by reporting big profit downturns in the quarter to June.

Georgia-Pacific said it made net profits of just \$3m, down from \$28m in the comparable period - although the figure would have been \$5m without special charges for an early retirement programme and the retirement of debt.

US copper groups braced for the Sumitomo effect

Lower prices mean earnings are expected to fall sharply in second quarter

The earnings outlook for publicly-traded US copper mining companies has taken a distinctly bearish cast, as analysts revise their revenue forecasts to reflect slumping metals prices.



assumption of an average copper price of about \$1.11 a pound this year. While that is 22 cents a pound lower than last year's average LME copper price, the Freeport example "shows the true copper price realizations for these companies in the second quarter has little to do with average LME prices," says Mr. Vahid Fathi, metals industry analyst for Everen Securities.

Sony, CBS in TV programming link

By Christopher Parkes in Los Angeles

Sony's US television arm has linked with the CBS network and a talent brokerage, 3 Arts Entertainment, in a joint venture to produce programmes for prime-time TV.

has roused fears that production companies without their own networks or at least close alliances, might be excluded.

We had been bearish before Sumitomo, because of the new supply coming on," says LeAnne Baker, metals analyst for Solomon Brothers. New mining and processing projects require long-term planning, and the recent drop in copper prices has not stalled any expansions.

Even without the Sumitomo debacle, long-term prospects for copper prices are weak, with output from new mines generating a supply-driven cyclical downturn, CRU, an international consultancy firm that collects metals statistics, estimates world copper production will expand by 9 per cent this year, while western world demand is predicted to remain flat.

Swiss Telecom is that it is the only Malaysian operator - bar the former state monopoly Telekom Malaysia - to have satellite earth stations.

Brazilian state to sell 32% share in Cemig

By Stephen Fidler, Latin America Editor

The Brazilian state of Minas Gerais is in talks with two potential investors over the sale of a 32 per cent share of the voting capital of Cemig, the state electricity company.

NEWS DIGEST

Gold Fields posts 19% rise to R356m

Gold Fields of South Africa yesterday posted a 19 per cent increase in after-tax profit to R356m (\$32.2m) for the quarter to June, from R299m in the previous period, as the weaker rand brought further respite to the country's most troubled gold mining group.

Guangdong Kelon plans issue

Guangdong Kelon Electrical Holdings, one of China's biggest refrigerator makers, is to raise some ¥650m when it comes to the Hong Kong market later this month, according to estimates by Citicory International, co-sponsor and lead manager of the deal.

Mayne Nickless cancels sale

Mayne Nickless will not proceed with a trade sale of its 24.9 per cent stake in Optus Communications, Australia's second-largest telecommunications carrier. The stake, worth around A\$1bn (US\$799m), will now form part of the Optus flotation planned for later this year.

Quebecor buys 68% of Altair

Quebecor Printing, North America's second-biggest commercial printer, is expanding again in Europe by buying 68 per cent of Altair, a Spanish magazine and advertising materials printer. The price was not disclosed. The seller was Empresarial ONCE, which will hold the minority shares.

Lower metal prices hit Alcan

Alcan Aluminium posted a 38 per cent drop in second-quarter earnings because of lower metal prices, but expects improvement later this year.

CIBC Wood Gundy acquisition

CIBC Wood Gundy, the Canadian bank, is to buy a London-based specialist in the trading of oil and natural gas assets as part of an international expansion of its natural resources interests.

New chairman for Air Canada

Mr John Fraser, 66, a well-known Canadian businessman from Winnipeg, will become non-executive chairman of Air Canada when Mr Hollis Harris retires on August 1.

PAL speeds up aircraft leasing

Philippine Airlines (PAL), the loss-making national flag carrier, said yesterday it would speed up its \$3.2bn fleet modernisation programme to help restore the carrier's profitability. In advance of the 38 Airbus and Boeing jets it plans to purchase over the next three years, PAL would step up its interim leasing programme from other airlines.

Swiss Telecom in Malay deal

By James Kyrgis in Kuala Lumpur

Swiss Telecom, Switzerland's national telecoms operator, signed an agreement yesterday to take a 30 per cent stake in Mutiara Telecom, one of five Malaysian operators with the authority to route international traffic.

between Telekom's competitors and foreign operators. Mutiara plans to use the proceeds from Swiss Telecom's purchase to speed up the expansion of its digital cellular subscriber base and develop a fixed-line network.

These factors offset an increase in the provision for losses and an increase in dividends paid on preferred stock, he said. Credit-related losses were \$1.2m less in the second quarter of 1996 compared with the first quarter.

Ford strengthens car hire side

By Richard Tomkins

Ford Motor, the US car manufacturer, yesterday surprised observers of the US car rental industry by announcing plans to take full control of Budget Rent A Car, one of the biggest US car hire companies.

by buying its common stock. The move will result in an after-tax charge of \$437m to Ford's second-quarter profits because of write-downs in the value of loans made to Budget and the value of the non-voting shares.

to turn in a profit. Ford already owns Hertz, the market leader, having taken a stake in 1987 and acquired full ownership in 1994. Yesterday Ford said Hertz had made after-tax profits of \$105m last year.

Reports of the undermentioned companies for the quarter ended 30 June 1996 were released to the relevant Stock Exchanges yesterday and have been published in the press in South Africa today: Deelkraal Gold Mining Company Limited, Driefontein Consolidated Limited, Kloof Gold Mining Company Limited, Gold Fields Coal Limited, Northam Platinum Limited. Copies of the reports will be posted to all shareholders of the companies, but are also available to the public from the London Secretaries, Gold Fields Corporate Services Limited, Greencoat House, Francis Street, London SW1P 1DH. 12 July 1996

JAVICO 1350

Matif and DTB consider extending link

By Andrew Jack in Paris

The French and German derivatives exchanges are renewing discussions about the development of a common clearing system for their products, after abandoning more wide-ranging co-operation plans earlier this year.

conference organised by the development and lobbying group Paris Europlace, Mr Jörg Franke, a director of the Deutsche Börse, said: "I think a common clearing system should be developed."

Mr Franke did not mention specific projects in conjunction with France, and argued that the systems could be harmonised "without this necessarily having to result in a single institution".

platform for both derivatives and equities products between the two countries. The institutions stressed at the time that they were continuing to talk about other forms of co-operation, but have since been quiet.

then offered to provide its NSC equities computer system to Frankfurt as part of a wider co-operation. But the Germans decided instead to appoint Andersen Consulting to develop their new system.

Roche and Abbott seek Aids drugs go-ahead

By Daniel Green in Vancouver

Roche, the Swiss drugs company, and its US rival Abbott Laboratories plan to ask for approval of a new Aids treatment early next year, after publication yesterday of some of the most promising results released at this week's international Aids conference in Vancouver.

If successful, the two companies could extend their collaboration in research into sales and marketing, said Dr Andre Pernet, Abbott's vice-president of pharmaceutical products R&D.

Dr Roche/Abbott trial combines two of the newest drugs on the market, Roche's Zalcitabine and Abbott's Nevirapine. The drugs, called protease inhibitors, have in the past only been combined with an older class of drugs, reverse transcriptase inhibitors, which include Glaxo's AZT.

After six weeks of the 48-week trial, the new combination looks as powerful as those involving AZT-like drugs. The AZT-based drug cocktail excited researchers at the conference by cutting the levels of HIV in the blood to below detectable levels in most patients.

Dr Maria Markowitz, of Aids Laboratory at the Aaron Diamond Institute in New York, said the new combination could be especially useful for people who had built up resistance to AZT-like drugs.

Dr William Cameron, of the Ottawa General Hospital, said the immune systems of patients using the drug were also recovering and should continue to do so as the trial progressed.

Separately, Merck and Glaxo released the latest results of their trials of Crixivan with AZT and 3TC, another Glaxo drug in the AZT class.

Six of seven patients who have completed 48 weeks on the trial still have HIV levels below detectable levels. HIV could be detected in all eight people taking only AZT and 3TC for the same period.

NEWS DIGEST

Kirch, Ruperts may lift Telepiù stakes

Kirch, the German media company, and the Rupert family of South Africa are in negotiations to increase their holdings in Telepiù, the private Italian pay-television company. The talks follow a preliminary agreement between Kirch and Renato Della Valle, an Italian entrepreneur, under which Kirch would buy back Mr Della Valle's 23.4 per cent stake in Telepiù.

Scaglia to head Omnitel The board of Omnitel Pronto Italia, the Italian mobile phone company, yesterday named Mr Silvio Scaglia, director-general, as the new chief executive, and appointed his predecessor, Mr Francesco Cairo, as executive deputy chairman.

Nasdaq gets first German listing Qiagen, a small biotechnology specialist, has become the first German company to be listed on the Nasdaq, the US computerised stock exchange. Founded in 1988, it employs nearly 400 people and expects sales of about \$60m this year.

Ballast Nedam slips in first half Ballast Nedam, the Dutch construction group formerly owned by British Aerospace, suffered an 18 per cent fall in net profits to F1.52m (\$18.7m) for the first half to June, although revenues rose 18 per cent to F1.15bn.

Ursus in deal with 700 creditors Poland's ailing Ursus tractor plant yesterday won a new lease of life when more than 700 creditors, including the state treasury, agreed to a combined debt swap and write-down deal worth 897m zlotys (\$655m).

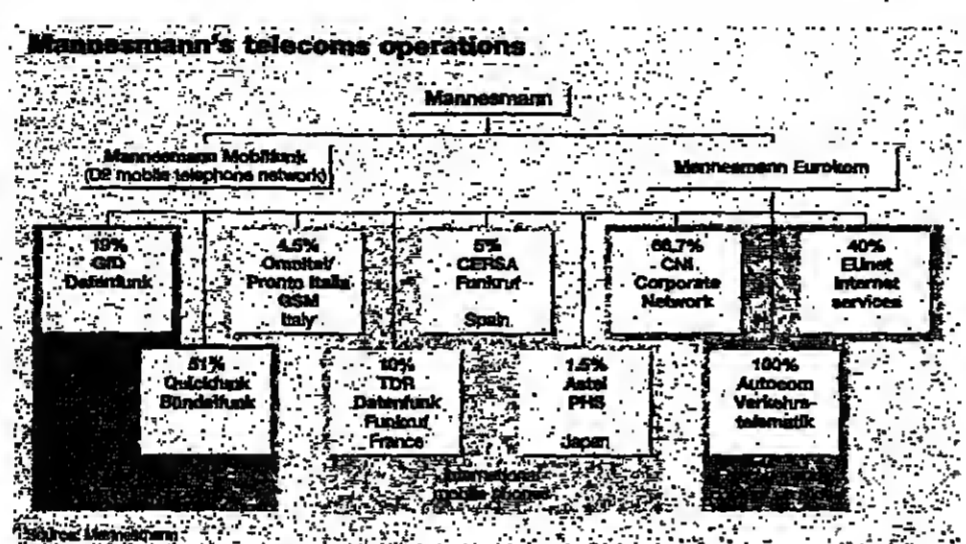
Mannesmann builds up for telecoms race

The group is the leading competitor to Deutsche Telekom, writes Michael Lindemann

The speculation this week about who might win a stake in DBK, Deutsche Bahn's telecoms network, made two things abundantly clear. First, Mannesmann, the Düsseldorf-based conglomerate that does everything from trading bathroom tiles to making the best-selling Leopard II battle tank, has been richly rewarded for being the first leading German company to move into telecoms, back in 1988.

By winning the 49.8 per cent stake in DBK, the group has underlined its position as the leading private-sector competitor to Deutsche Telekom, the state-owned monopolist. Mannesmann is now also in a position to use its weight as several of Germany's leading companies, including RWE, Veba, Viag and Thyssen, jostle for starting positions in the race to compete with Deutsche Telekom.

Second, the DBK deal seems to have established how important it is to have a telecoms network which is independent of that operated by Deutsche Telekom. As it happens, Mannesmann executives have spent much of the past 18 months talking down the value of network capacity. There was the railway network, they said, the networks owned by the electricity utilities, even those that ran alongside Germany's inland waterways.



the past 18 months talking down the value of network capacity. There was the railway network, they said, the networks owned by the electricity utilities, even those that ran alongside Germany's inland waterways.

persuade Deutsche Bahn that Mannesmann was the best partner for DBK. DB's network subsidiary. "What Mannesmann realised was that there are not too many assets like that out there so you have to have it," said Mr Chris McFadden, a telecoms analyst at Merrill Lynch.

A final price appears not to have been settled, nor has the thorny question of pension rights for DBK's 6,500 employees, many of whom are civil servants with jobs-for-life guarantees.

Parmalat prices cash call to raise L370.3bn

By Andrew Hill in Milan

Parmalat's rights issue will raise L370.3bn (\$341m), the Italian dairy products group announced yesterday. Having announced the outline of the capital increase in May, the company yesterday priced the issue at L1,500 a share, a discount to the closing price of L2,000, and said it would offer one new share for every five already held.

reduction and to fund further expansion in South America and eastern Europe. Parmalat has pursued an aggressive expansion strategy in recent years, making acquisitions in South America, which last year contributed 30 per cent of the group's L4,500bn turnover, and investing heavily in marketing its milk products in North America.

One analyst said yesterday that Parmalat's growth prospects and margins were sufficient to allow gearing to rise to above 50 per cent without provoking too much concern. "Provided the debt-equity ratio remains in a certain range, I don't think the market has a problem. In the past, there was a problem because they were acquiring too much and too quickly," he said.

short-term bank loans, helping to keep financial charges down. UBS, the Swiss bank which is co-ordinating the issue, said it expected most of the shares to be taken up by existing shareholders. "We're not expecting to see a lot of trading in the rights," said Mr Massimo Armani of UBS.

US biotech company sets up Swiss unit

By Clive Cookson, Science Editor

CytoTherapeutics, a US biotechnology company, has set up a subsidiary in Lausanne, Switzerland, which it says is the first Swiss biotech company backed by venture capital on the US model. The company, Modex Therapeutics, is owned 50 per cent by CytoTherapeutics, 35 per cent by its four scientific founders and 15 per cent by investors through Lombard Odier, a private Swiss bank.

sties in Lausanne, one in New York and CytoTherapeutics itself. Its first targets are anaemia, diabetes and obesity. The company's "encapsulated cell" approach uses small devices that contain living cells. When implanted in patients, these cells secrete therapeutic proteins to treat chronic diseases. CytoTherapeutics uses a similar method to treat disorders of the brain and nervous system.

stake held by CytoTherapeutics in Modex could go up or down as the companies grew, depending on their funding resources and requirements. "The stake could be diluted as other investors come in, or Modex could become a wholly owned subsidiary of CytoTherapeutics," he said.

scientists returned from postdoctoral training in the US and realised that the three big pharmaceutical groups in Basel (Roche, Sandoz and Ciba) no longer provided a lifetime's employment in research. Dr Max Wilhelm, former director of R&D at Ciba, will be chief executive of Modex. He expects Modex to be the first of many biotech ventures in Switzerland - some supported by a SF100m (\$79.2m) fund that Novartis, the new conglomerate formed through the merger of Sandoz and Ciba, will set up to invest in ventures started by its former employees.

Brokers aim to tap Spain's potential

By Tom Burns in Madrid

When Merrill Lynch gave a party earlier this week in Madrid to mark its February purchase of FG, Spain's biggest independent brokerage firm, the assembled guests, drawn from the top tier of the domestic financial community, swopped gossip about which of the next local firm to be swallowed up by a big Wall Street or European house. The talk was understandable. In June, the Dutch merchant bank BNP Paribas, a subsidiary of ARN Amro, bought a 30 per cent stake in Beta Capital, a smaller Madrid broker, and last week Schroder, the UK merchant bank, acquired the Spanish unit of Carnegie International.

and the subsequent launch by the ruling Popular party of a wide-ranging privatisation programme has served to focus minds. The government is planning to sell off shareholdings worth and estimated Pta3,000bn (\$20bn) over the next four years. The disposals alone do not merit the reported £18.5m (\$28m) that Merrill Lynch paid for FG. Mr Claudio Aguirre, chief executive of the US bank in Spain, says Spain's privatisation is comparatively small when set against planned sell-offs in France, Germany and Italy.

Currently, fund investment in Spain is heavily weighted towards fixed income, for only about 5 per cent of savings under management is routed towards the stock market. Analysts believe that sooner rather than later, as interest rates fall and government borrowing requirements are lowered, equity positions will account for some 35 per cent of domestic savings, in line with the fund investment strategies in continental Europe.

lists less than 100 of the top 500 domestic companies. The Bolsa's growth potential was sharply highlighted at the beginning of this month when a rights issue by the big hotel management chain Sol Meliá, which floated 49 per cent of the family-owned business, was 23 times oversubscribed with total orders reaching Pta51bn. "Sol Meliá showed the way ahead," says Mr Luis Iurbe, managing director of BBV Interactivos, the broking arm of the big domestic banking group Banco Bilbao Vizcaya. "A lot of family businesses are going to start thinking about raising fresh capital on the Bolsa."



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Advertisement for Mid-Med Bank Term Loan Facility, offering US\$50,000,000 and DM30,000,000. Lists various participating banks and agents.

COMPANIES AND FINANCE: UK

# Kvaerner to drop the Trafalgar name

By Andrew Taylor and Tim Burt

The Trafalgar House name, adopted by Sir Nigel Brookes when he founded the construction, engineering and shipping group in 1966, is to disappear following the company's £904m (\$1.4bn) purchase by Kvaerner, the Norwegian engineering and shipbuilding group.

Details of Kvaerner's plans to merge the two businesses, including moving the majority of its head office functions from Oslo to London, were announced yesterday.

The Norwegian engineering and shipbuilding group is dropping the name Trafalgar from six core operating divisions to be established after a 100-day review of the merged operations.

Mr Erik Tonseth, chief executive, said the executive vice-presidents in charge of each division - three Britons, one Swede and two Norwegians - would operate from a new headquarters building in London's West End, previously occupied by Inchcape.

Mr Tonseth predicted that the 400 headquarters staff currently employed by Trafalgar and Kvaerner would be reduced by about half, with most of the administrative functions moving to London. Oslo-based staff, however, are likely to be offered jobs elsewhere in the group in Norway.

The company's board will be run on continental European lines - comprising seven non-executive directors, all Norwegian, with Mr Tonseth representing the operating management. He said the composition of the board was expected to become more international, reflecting the changing nature of the business and its shareholders. Some 40 per cent of the shares are held outside Norway.

A further change for Trafalgar would be that the group's results would be published quarterly, with their first contribution expected to be announced next month, together with Kvaerner's first-half figures.

Three former Trafalgar House managers are joining the new Kvaerner management team.

Mr David Moorhouse will continue to run the John Brown engineering arm, to be renamed Kvaerner John Brown; while Mr Mike Foster - managing director of the Davy metals processing business - will run Kvaerner Davy.

Trafalgar's general construction subsidiary will be called Kvaerner Construction and will retain Mr Keith Clarke as executive vice-president.

Mr Diderik Schindler will remain as head of Kvaerner's shipbuilding interests; Mr Tore Bergesen will head the oil and gas business; and Mr Roland Martin-Lof from Sweden will run the pulp and equipment division.

Mr Peter Ward, chairman of Camard, the luxury cruise line, will continue to oversee that business from New York. Mr Tonseth again confirmed it was a non-core business for the long-term, but ruled out an imminent sale.

# Tuckey bows out of ING Barings

By John Gapper, Banking Editor

Mr Andrew Tuckey, the former deputy chairman of Barings who has worked at ING Barings as a consultant since the collapse of the merchant banking group last year, is to leave at the end of this month.

Mr Tuckey is the last to depart of the 12 former directors of Barings criticised in a Board of Banking Supervision inquiry into Barings' collapse.

He was asked to stay on as a corporate finance adviser by ING Group when it took over.

Mr Tuckey, who formerly headed Barings Brothers, the merchant banking arm of Barings, is taking a break of at least two months.

He is thought to have been offered jobs as a corporate financier by other investment banks.

Although Mr Tuckey was not disciplined by the Securities and Futures Authority for his role in the collapse of Barings, he has undertaken not to seek work in a senior management position in the City for an unspecified period.

Mr Tuckey, 62, retired from ING Barings in March and agreed to work as a consultant. He was head adviser to Lloyds Bank in its merger with TSB Group but has become less involved since then.

One director said Mr Tuckey's continued presence had become awkward, although it had been an agreed decision that he should leave.

"People had said to us they were surprised that the relationship had been maintained," he said.

Mr Hessel Lindenbergh, chairman of ING Barings, said that the bank was grateful for Mr Tuckey's "valuable contribution to the business" since the collapse and wished him well. Mr Tuckey declined to comment.

# LEX COMMENT GUS

A profit warning in May, followed in July with results bad enough to prompt a further 5 per cent drop in the share price, is not what one expects from supposedly trusty Great Universal Stores. For Lord (David) Wolfson, about to take over from his cousin as chairman, reversing this depressing trend will be a formidable challenge. He will have to start with the group's core, its struggling mail order business. Of course, the new Lord Wolfson has a sparkling record at Next. But it will not be easy to work the same magic at GUS. Already well-run, its problems are more fundamental: agency business, on which it is over-dependent, is in long-term decline. And it lacks the strong brands needed to succeed in more upmarket direct mail, where growth prospects are healthier. Nonetheless, this could be remedied.

A joint venture with Next, where Lord Wolfson is to remain chairman, is one off-odour possibility. In theory at least, a tie-up with a high street chain such as Marks and Spencer could be another.

But Lord Wolfson should not stop there. He also needs to take a hatchet to the company's bizarre range of businesses, which includes Burberrys and Scotch House, not to mention a large South African furniture retailer. These would almost certainly attract healthy premiums if sold. Meanwhile the company is sitting on an absurd £1.1bn cash pile: this should either be put to good use or handed back to the company's shareholders.

Of course, such radicalism cannot be relied on. But given the scale of the possibilities, at the current depressed price the shares look a pretty attractive punt.



# £300m will pass to Isosceles but some creditors will get nothing

## Somerfield to float at 180p-190p

By David Blackwell

Somerfield, the UK's fifth biggest supermarket chain, has set an indicative price range of 180p to 190p a share for its flotation, valuing the company at \$540m-£570m (\$842m-£899m).

The prospectus, published yesterday, also showed that pre-tax profits were £84.7m for the year to April 30. After a 23 per cent tax charge, earnings emerged at £23.3m, giving a historic p/e of 8.1-8.5.

Somerfield Holdings, the holding company, is selling all its 30m shares, in a complex series of transactions, it will pass at least £300m, excluding costs, through the ring fence to Isosceles, the former owner that acquired the chain when it was known as Gateway in a disastrous £2.1bn leveraged buy-out in 1989.

Isosceles will then be able to pay off its senior bank debt. A further £30m to £40m of the proceeds will cover costs, including indemnity fees, which Somerfield Holdings will pay.

Some Isosceles creditors - mostly the same banks that hold the senior debt, but also other shareholders and bondholders - will get nothing.

The new Somerfield plc, which will incur flotation costs of £2.7m, will be left with net debt of £135m if the issue is got away at the bottom price. Pro forma interest cover is 7 times and gearing 50 per cent.

Somerfield Holdings will cease to exist, finally cutting the link between the supermarket chain and its history.

Mr David Simons, the chief executive who has steered the group into calmer waters since the turmoil of its ownership by Isosceles, believes the turnaround is only part-way to completion. "The group has potential for short, medium and long-term growth," he said yesterday.

Once flotation is completed, Mr Simons will qualify for a £5m bonus. But in order to save of concern that he will leave, he will be investing £2m of the bonus in the new shares. He and his management team have been tied to the group by means of an extensive incentive scheme.

The prospectus shows that the six-man team - currently paid between £125,000 and £315,000 - will be granted share options equivalent to four times salary and exercisable in another three years.



David Simons (right) watched by Martin Gatto, finance director

# Christie's lifts sales by 6%

By Antony Thorncroft

Christie's International, the auction house, recorded sales of \$486m (£739m) in the first half of this year, a 6 per cent gain in sterling terms and 2 per cent in dollars.

"The European market proved slightly stronger than the American," Lord Hindlip, chairman, reported "a general strengthening of the art market and underlying growth in most major categories.

This has been underpinned by the emergence of new buyers around the world and strong demand from established clients."

The figures are slightly better than anticipated.

Christie's had attracted some important American properties in the first half of 1996, notably the Harriman and Collin collections, and was doubtful whether it would match this turnover.

In the event it recorded its highest first half sales since 1990, when the total was \$700m.

In the autumn of that year the art market started to collapse and by the first half of 1991 sales had slumped to £286m.

# Pepe in Dutch move M&S's mood upbeat

By Clay Harris

Pepe Group, the jeans company which led a brief British challenge to the denim dominance of Levi's and Wrangler in the late 1980s, is transferring its European design and marketing headquarters from the UK to the Netherlands.

Mr Fred Gehring, Pepe's European chief executive, said yesterday that the move - which will involve 25 British designers relocating to central Amsterdam - reflected northern Europe's growing importance as well as its increasing divergence in style and fashion terms from the UK market.

Mr Gehring said "Pepe's designers need to be daily in confrontation with the realities of the continental market. Consumers in Germany and the Benelux countries, moreover, were willing to pay more

in return for quality. Northern Europe now accounts for 40 per cent of Pepe's sales, against only 25 per cent in the UK and Ireland.

Pepe's worldwide headquarters will remain in London, as well as a small design and marketing arm for strictly UK products. Madrid has a similar regional office. But all group-wide products would now be designed and marketed in Amsterdam, where the computer systems and sourcing would also be co-ordinated.

The Netherlands was chosen for having the most attractive tax regime in northern Europe, and undisclosed incentives had also been available.

"We have been able to make arrangements that are attractive to the business," said Mr Gehring. Pepe's main European distribution hub is in Tegelen in the Netherlands.

By Jane Martinson

Marks and Spencer offered further evidence of confidence yesterday when Sir Richard Greenbury, chairman, spoke of clear signs that the consumer was "finally coming out of the trenches".

However, during an upbeat annual meeting, Sir Richard admitted that changes had had to be made in women's wear after it was found to be too "fashion-led".

UK sales had risen 8.6 per cent in the first quarter. International sales, including franchises, rose almost 12 per cent in spite of depressed economic conditions in continental Europe and difficulties in Canada, Sir Richard said.

The shares fell 3p to 484p however after rising in the past week as the market appeared to have expected

even stronger news.

The retailer was involved in three legal battles during the year. Only its writ against Granada Television over allegations that it exploited child labour to boost profits and misled customers by incorrectly labelling the country of origin on products is still outstanding.

Sir Richard said yesterday that M&S was "confident of pursuing the case vigorously".

He also emphasised the group's commitment to British suppliers, who accounted for nearly 80 per cent of goods, with another 10 per cent coming from continental Europe.

He warned that continuing success overseas "will depend to some extent on buying and selling internationally."

The group is still considering its replacement incentive for executive share options, as recommended by the review body chaired by Sir Richard.

Turnover (£m)	Pre-tax profit (£m)	EPS (p)	Current payment (p)	Date of payment	Dividends (p)	Total for year	Total last year
Adren & Harvey	Yr to Mar 31	50.96 (4)	4.55 (0.01)	53.8 (0.7)	13.5	24.5	22.4
Albrighton	Yr to Mar 31	7.99 (8.1)	0.478 (1.36)	0.7 (2.1)	-	-	0.1
Barle Holdings	Yr to Feb 29	11.01 (9.5)	0.340 (4.74)	1.0 (4.1)	-	-	-
Colindale Media	Yr to Mar 31	10.5 (2.2)	0.812 (0.168)	0.54 (0.32)	-	-	-
Coak (R)	Yr to Apr 30	181.2 (159.2)	5.03 (4.14)	8.18 (8.5)	1.45	1.05	2.1
Coltish & Fowler	Yr to Apr 30	38.9 (38.1)	1.8 (1.53)	5.7 (4.6)	1.15	0.9	1.9
First Group	6 mths to Apr 30	386.2 (314.8)	23.4 (23.8)	7.3 (7.1)	1.4	1.4	3.3
FT Group	Yr to Apr 30	360.3 (299.9)	5.55 (4.53)	14.14 (12.5)	3.7	3.3	5.8
Goodie Bureau	Yr to Apr 30	104.9 (63.27)	21.3 (14.2)	28.4 (18.4)	5.5	4.7	7.2
Great Universal Stores	Yr to Mar 31	2,736 (2,664)	581 (582.9)	38.4 (38.3)	11.5	10.5	15.5
Hessons Intl	Yr to Mar 31	105.8 (102.5)	4.88 (4.88)	9.13 (9.32)	1.7	1.85	2.2
Hill & Robertson	6 mths to Mar 31	2.57 (0.35)	0.259 (0.052)	1.7 (1.1)	-	-	-
Holdings	Yr to Apr 30	128 (116)	6.9 (4)	9.84 (6.09)	2.15	1.7	2.5
Horvath	6 mths to Mar 31	0.089 (0.02)	0.028 (0.028)	1.9 (1.6)	-	-	-
Post Holdings	Yr to Mar 31	73.2 (70.4)	12.0 (11.5)	8.65 (8.4)	4.5	3.8	5.5
Phonetic	Yr to Mar 31	4.36 (2.08)	6.7 (3.7)	17.3 (10.4)	-	-	-
Ransom (W)	Yr to Mar 31	9.9 (7.58)	0.98 (0.804)	4.49 (4.08)	1.529	1.32	2.089
Southside Pubs	Yr to Mar 31	137.9 (184.1)	4.7 (7.3)	12.8 (27.3)	-	-	-
Stables	6 mths to Apr 30	13.5 (10.2)	1.8 (1.07)	5.4 (5)	-	-	-
Spauldrey	24 wks to May 11	10.2 (9.52)	0.744 (0.57)	2.64 (2.81)	2.37	2.15	6.85
							0.75

**BANCO di NAPOLI**

Public Limited Company - Registered Office in Naples  
Lead Company of the Banco di Napoli Banking Group  
Share capital L. 1,170,000,000  
Registered in Naples, No. 4102/79  
Tax and VAT Code 0035580036

**NOTICE OF ORDINARY AND EXTRAORDINARY GENERAL MEETINGS**

Notice is hereby given that the ordinary and extraordinary General Meetings of the Company will be held at the Company's registered office at Via Toledo 177, in Naples, Italy, on 30th July, 1996, at 10.00 a.m. or, alternatively, should the need arise to make a second call, on 31st July, 1996, same time and place, for the purpose of discussing and voting on the following agenda:

Extraordinary Meeting

- The Company's balance sheet position at 31st March 1996 and ensuing measures, pursuant to art. 2446 of the Civil Code and to the Decree Law no. 293, relevant amendments of the Articles of Association.
- Merger of the subsidiary company Leasimmobili Spa.

Ordinary Meeting

- Appointment of two Directors, one due to a resignation and one to ratification.
- Appointment of the Chairman of the Company.
- Board of Directors' report on the request made by the annual General Meeting convened on 29th April 1996 about possible liabilities of the Directors, Chief Executive Officer and Auditors who held office at Banco di Napoli SpA from 1 July, 1991 to 28 April, 1995, and of the external auditor that audited the annual accounts for the financial years 1991, 1992, 1993 and 1994. Decisions on the matter.

The right to attend and vote at the General Meeting is regulated by the Articles of Association and by the legislation currently in force.

The right to attend and vote is reserved to those shareholders holding ordinary shares of the Company who, at least five days before the date set for the Meeting, have deposited their shares with Banco di Napoli SpA's branches or with one of the following designated banks:

Banca di Roma - Banca Nazionale del Lavoro - Banca Commerciale Italiana - Monte dei Paschi di Siena - Istituto Bancario San Paolo di Torino - Credito Italiano - Banco di Sicilia - Banco di Sardegna - Monte Titoli SpA (for the shares it administers).

The relevant documentation will be made available to the shareholders at the Company's registered office, pursuant to the provisions of law.

By order of the Board of Directors  
The Deputy Chairman  
Luigi Mazzoni

**LONDON FORFAITING COMPANY PLC**  
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Senior Lead Managers  
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Managers  
HAMBURGER LANDESBANK LANDESBANK SACHSEN GIROZENTRALE  
LONDON BRANCH

Participants  
BANCO ESPERITO SANTO BANCO TOTTA & ACORES S.A. LONDON BRANCH  
BANQUE PARISIENNE D'ETAT ET DE BANQUE DE PARIS  
BANQUE ET CASSIE D'EPARGNE DES ETATS LUXEMBOURG  
BIR BANK AG DEUTSCHE BANDELSBANK AG  
GZ BANK KOREA DEVELOPMENT BANK (INTERNATIONAL) BANK  
LANDSBANK RHEINLAND-FAZL LANDESBANK SCHLEWING-HOLSTEN GIROZENTRALE INTERNATIONAL S.A.

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ISSUE CODE: XS0064786397

For the period July 11, 1996 to October 11, 1996 the new rate has been fixed at 5.5625 % P.A.  
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Amount: USD 1421,53 for the denomination of USD 100 000

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July 10 1996



## Dilbert's view

Tony Jackson on a new book about being managed

Suppose your departmental head breaks his chair, and there is no money in the budget for a new one. Will he: 1) sit on the floor till the next budget cycle; 2) settle for a lower-status chair; 3) omit to fill the next departmental vacancy and buy a new chair from the savings? Or take the statement "our future is bright". How likely is it that your boss can foretell the future? And if he can, why is he working for your company instead of making a fortune playing the stock market?

In Adams's cartoons, managers are drawn to the latest nostrum like moths to a candle. "I've decided to use humour in the workplace," the boss tells a group of workers. "Experts say humour eases tension, which is important in times when the workforce is being trimmed." "Knock knock." "Who's there?" "Not you any more."

This is a serious point behind all this. Conventional books on management often carry a hint of fraudulence. Their tone of simplified promise - *Eight Winning Strategies*, *Ten Vital Trends* and so forth - is

too reminiscent of those popular magazines which offer five easy ways to a smaller belly or a better sex life.

As a general rule, people who can follow a simple slimming regime do not get fat in the first place. On the same principle, those managers whose companies stand in need of radical change may not be the best people to effect it.

Despite that, the restructuring of corporate America continues apace. This must be beneficial overall, and in some cases is spectacularly successful. Logic also suggests that Adams must be right, and that much of the time the bunglers are in charge.

Karl Marx might have seen this book and its reception as a protest against the inequities of late 20th century capitalism. The reality is nothing of the sort: but it is good to see that the foot soldiers in America's corporate revolution, like Russians under the commissars, have not lost their sense of humour.

his e-mail correspondents. One anonymous high-tech company, we are told, introduced two programmes simultaneously: one for "individual dignity enhancement", the other for random drug testing. In another company, an employee proposed the setting of priorities as a means of best-employing scarce resources. His manager's response: "Why can't we concentrate our resources across the board?"

Adams also points to the managerial habit of uttering absurdities and expecting to be believed. An obvious case is the corporate mission statement, which he hilariously defines as "a long awkward sentence which demonstrates management's inability to think clearly".

He is more exercised by what he bluntly terms *Great Lies of Management*. Any experienced employee will recognise the kind of thing he means: "We reward risk-takers". "I have an open-door policy". "Employees are our most valuable asset".

Take the last of these, he says,

Too much sodium in the diet raises blood pressure but too little is also dangerous, says Carol Cooper

## Grains of truth about a pinch of salt



Sodium is essential to blood pressure regulation but excess dietary salt, according to a lecture I attended as a medical student, is dangerous. We struggled to keep awake and I recall thinking that proselytisers about salt and blood pressure were as exciting as the insipid diets they advocated.

That salt helps regulate blood pressure is beyond doubt, but does eating too much of it cause hypertension (high blood pressure)? To elucidate this, an independent, international study, *Intersalt*, looked at the salt - or, more exactly, the sodium - balance of more than 10,000 people in 32 countries.

The results, recently published in the *British Medical Journal*, support a strong link between excess salt and hypertension, and also suggest that a habitually high salt intake is one reason that blood pressure rises with age in most parts of the world.

Moreover, *Intersalt* data indicate that, if adults were to cut their salt intake by 50 per cent or more, their blood pressure would drop and they might have substantially less heart disease and fewer strokes.

Almost all the published evidence points the same way. In one study, the inhabitants of an entire Portuguese village reduced their salt consumption, lowering their blood pressures significantly when compared with another village. In adult patients with hypertension, small restrictions in salt can cause a worthwhile drop in blood pressure, similar to the effect of some blood pressure pills - but this does not work for everyone, and may do little for hypertensive patients under 45.

Conclusive proof is one thing that *Intersalt* and other studies do not provide. It has also been proposed that a high salt intake might worsen osteoporosis (brittle bones), and that it could aggravate or precipitate asthma - all this is speculative and to date salt has



Salt is important in regulating blood pressure but it is not the only factor

not been shown to be the bogeyman some people suggest. In 1994 one of the groups advising the UK government's Committee on Medical Aspects of Food Policy recommended a reduction in daily salt intake from 9g to 6g. This never became official policy in Britain although other countries, such as the US and Scandinavia, have low-salt recommendations.

One snag is the difficulty of reducing salt in the diet. Many people eat far more than the average - anyone on 12g daily would find food very dull with much less. It can take a month or

expensive, and with a few exceptions - Heinz, for instance, makes low-salt varieties of some foods - the food industry shows little enthusiasm for reducing salt content.

The Salt Institute in the US has tried to discredit some of the evidence by arguing that the latest *Intersalt* study was flawed in its analysis. This seems unlikely. But the Salt Institute is right in believing that the issue can only be firmly resolved by changing a population's salt intake and seeing what happens. Salt may be important but it is not the only factor. Both weight

more to get used to the taste of low-salt food, even after adding pepper, herbs, garlic or lemon juice to spice it up.

Then there is hidden salt. It is possible to avoid adding it at table, but about three-quarters of the salt in the western diet comes from processed foods.

Although there are now alternatives to salt as a preservative, we seem unable to do without it and other sodium-containing additives.

Bread and convenience foods are leading sources of salt in Britain - the average fish pie contains 1g of sodium per portion. Other flavourings that liven up the taste of prepared food are much more

The author is a London GP.

GUS  
disappoints

It's good to talk. But while excellent internal communications can make a real difference to the performance of an organisation, putting an effective system in place is not so easy.

According to a study\* of best practice by Lumina, management consultants specialising in building communications during times of corporate change, there may be numerous barriers to overcome if the right message is to get through to all employees.

These can include the need to protect confidentiality, countless hierarchical layers and a readiness to use technology rather than face-to-face contacts.

But Lumina's study of commun-

## Talking about communication

communications systems within 81 of the UK's biggest companies also highlights more worrying obstacles. These include the presence of corporate "fiefdoms" more interested in internal than external competition, lack of trust in management which prevents employees in high-achieving, "macho" companies from speaking out and poor personal communication skills.

Too many organisations simply

appear not to attach sufficient importance to communicating, blaming lack of time. This attitude is reflected both in people's attitudes and in supporting mechanisms, such as an approach to appraisal and performance management which pays scant attention to communication skills.

Whatever the reasons for bad communications, the chief executive officer is picked out as the per-

son who must play a critical role in getting things right, although he or she does not necessarily have to dedicate enormous amounts of time to the issue.

Active and visible involvement is vital. The chief executive should be ready to go on "walk-about" around his empire and must act as a role model in terms of openness and accessibility to people. "Lip service is not enough," the report insists.

\**Communicating Companies. A Study of Best Practice in Internal Communications*. Lumina Consulting, Chequers Hill, Amersham, Bucks HP7 9DQ.

Michael Cassell

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July 12, 1996





MARKETS REPORT

# Falling Wall Street nudges dollar lower

By Robert Choate

A sharp fall in Wall Street share prices pushed the dollar slightly lower in yesterday's late European trading, nudging an otherwise uneventful day in the currency markets.

The dollar spent most of the European day moving in a painfully narrow range, with the holiday season exerting a soporific influence on activity. In London it closed almost 0.3 pence lower at DM1.5217, with the pound gaining 0.22 cents to reach £1.5667. Against the Japanese currency, the dollar gained just over a tenth of a cent to finish at ¥110.235.

With the Dow Jones industrial average falling nearly 100 points by the New York mid-morning the dollar was sold against both D-marks and Swiss francs. But long yen positions bolstered the dollar against the Japanese currency. The Dow's fall also weakened the Mexican peso.

Mr Jean Arthus, the French

finance minister, noted that the Group of Seven leading industrial nations had been satisfied by the dollar's rise since last year, but he told an investment conference that there was still scope for the US currency to strengthen further. Figures from the US labor department showing a 69,000 rise in initial jobless claims in the first week of July had little impact on the currency. This was the highest figure since April 20, but only 14,000 higher than Wall Street economists had on average expected.

There was little movement among the European currencies, with the Bundesbank fulfilling expectations by leaving interest rates on hold. Sterling shed a tenth of a penny to finish at DM2.3678 while the

franc rose a tenth of a cent against the D-mark to close at FF2.364. The D-mark was unchanged against the Italian lira at L1007.

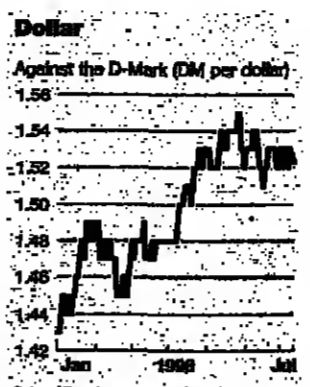
Mr Howard Davies, the deputy-governor of the Bank of England, predicted yesterday that France and Germany would not meet the government borrowing targets laid down for participation in a single European currency, unless they did more to cut public spending or increase revenues. In a speech to lawyers in Cambridge, England, Mr Davies drew on forecasts by the Organisation for Economic Co-operation and Development, concluding that the unfavourable economic slowdown over the past year had put budget deficits under pressure.

Mr Davies also warned that it would become "extremely difficult" to make necessary structural adjustments to labour markets once countries were participating in a single

"Dollar/D-mark is still propped up by central banks and the fundamentals will be increasingly against it", said Ms Alison Cottrell, at PaineWebber. She noted that Mr Arthur's support for a stronger dollar was only significant to the extent that it mirrored the views of the Bundesbank.

In a few weeks time the Bundesbank would have to bite as well as bark if it wished to keep the dollar up, Ms Cottrell added. During the holidays any comment from the Bundesbank suggesting that the dollar had risen enough could have a big impact. Mr Ian Guxner, at Chase, said that the dollar was looking top-heavy. He predicted that there might be a correction to come, although it would not be a big one.

Mr Kit Juckes, at NatWest Markets, said that Mr Alan Greenspan, the Fed chairman, could send the dollar higher if he talked tough at this month's Humphrey Hawkins testimony.



The dollar has been little affected in recent days either by complaints from US exporters that it may be too strong or by a research paper from the US Federal Reserve which has undermined expectations of a near-term rise in interest rates.

"We are creating good conditions for another dollar rally". Technical analysts are looking for the dollar to get back above ¥110.50, otherwise it could drift lower. Mr Mark Cliffe, at HSBC Markets, predicted that the dollar was more likely to fall below ¥110 than to strike out for ¥120.

Sterling's trade-weighted index ended the day unchanged at 85.6 per cent of its 1990 value. June's UK inflation figures came in much as expected, with the headline rate edging down from 2.2 to 2.1 per cent in June. Currency strategists remain nervous of further base rate cuts, given the chancellor's lack of scope for fiscal relaxation.

OTHER CURRENCIES  
Jul 11  
Austrian Schilling 13.7627 0.0001 13.7628 0.0001  
Brazilian Real 203.0000 0.0000 203.0000 0.0000  
Canadian Dollar 0.6822 0.0001 0.6823 0.0001  
Danish Krone 13.6460 0.0000 13.6460 0.0000  
Euro 1.0000 0.0000 1.0000 0.0000  
Hong Kong Dollar 7.7534 0.0000 7.7534 0.0000  
Japanese Yen 110.2350 0.0000 110.2350 0.0000  
New Zealand Dollar 1.6350 0.0000 1.6350 0.0000  
Singapore Dollar 1.3678 0.0000 1.3678 0.0000  
Swedish Krona 8.4660 0.0000 8.4660 0.0000  
Swiss Franc 1.4850 0.0000 1.4850 0.0000  
Taiwan Dollar 24.6350 0.0000 24.6350 0.0000  
Thai Baht 5.3200 0.0000 5.3200 0.0000  
US Dollar 1.0000 0.0000 1.0000 0.0000  
UK Pound 1.5667 0.0000 1.5667 0.0000

WORLD INTEREST RATES

Country	Over night	One month	Three months	Six months	One year	Local	Dis. rate	Repo rate
Belgium	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	7.00	2.50	-
Denmark	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	7.00	2.50	-
France	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	4 1/2	3.50	-
Germany	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	4 1/2	3.00	2.50
Greece	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	4 1/2	5.00	3.00
Ireland	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	4 1/2	3.00	2.50
Italy	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	4 1/2	3.00	2.50
Netherlands	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	4 1/2	3.00	2.50
Spain	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	4 1/2	3.00	2.50
Sweden	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	4 1/2	3.00	2.50
Switzerland	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	4 1/2	3.00	2.50
Taiwan	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	4 1/2	3.00	2.50
UK	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	4 1/2	3.00	2.50
US	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	4 1/2	3.00	2.50

LIBOR FT LONDON  
Interbank Floating  
week ago 5.50 5.50 5.50 5.50  
US Dollar CDs  
week ago 5.20 5.20 5.20 5.20  
ECU Libor De  
week ago 4.40 4.40 4.40 4.40  
SDR Libor De  
week ago 3.50 3.50 3.50 3.50

EURO CURRENCY INTEREST RATES  
Jul 11  
Short 7 days One month Three months Six months One year  
Belgian Franc 3 1/2 3 1/2 3 1/2 3 1/2 3 1/2  
Danish Krone 3 1/2 3 1/2 3 1/2 3 1/2 3 1/2  
Deutsche Mark 3 1/2 3 1/2 3 1/2 3 1/2 3 1/2  
Dutch Guilder 3 1/2 3 1/2 3 1/2 3 1/2 3 1/2  
French Franc 3 1/2 3 1/2 3 1/2 3 1/2 3 1/2  
German Mark 3 1/2 3 1/2 3 1/2 3 1/2 3 1/2  
Italian Lira 3 1/2 3 1/2 3 1/2 3 1/2 3 1/2  
Japanese Yen 3 1/2 3 1/2 3 1/2 3 1/2 3 1/2  
Spanish Peseta 3 1/2 3 1/2 3 1/2 3 1/2 3 1/2  
Sterling 3 1/2 3 1/2 3 1/2 3 1/2 3 1/2  
Swiss Franc 3 1/2 3 1/2 3 1/2 3 1/2 3 1/2  
US Dollar 3 1/2 3 1/2 3 1/2 3 1/2 3 1/2  
UK Pound 3 1/2 3 1/2 3 1/2 3 1/2 3 1/2  
Yen 3 1/2 3 1/2 3 1/2 3 1/2 3 1/2

POUND SPOT FORWARD AGAINST THE POUND

Country	Spot	Forward	Bank of England
Australia	1.5667	1.5667	1.5667
Canada	1.5667	1.5667	1.5667
Denmark	1.5667	1.5667	1.5667
France	1.5667	1.5667	1.5667
Germany	1.5667	1.5667	1.5667
Italy	1.5667	1.5667	1.5667
Japan	1.5667	1.5667	1.5667
Sweden	1.5667	1.5667	1.5667
Switzerland	1.5667	1.5667	1.5667
US Dollar	1.5667	1.5667	1.5667

DLDR SPOT FORWARD AGAINST THE DOLLAR

Country	Spot	Forward	JP Morgan
Australia	1.5667	1.5667	1.5667
Canada	1.5667	1.5667	1.5667
Denmark	1.5667	1.5667	1.5667
France	1.5667	1.5667	1.5667
Germany	1.5667	1.5667	1.5667
Italy	1.5667	1.5667	1.5667
Japan	1.5667	1.5667	1.5667
Sweden	1.5667	1.5667	1.5667
Switzerland	1.5667	1.5667	1.5667
US Dollar	1.5667	1.5667	1.5667

CROSS RATES AND DERIVATIVES

**CROSS RATES**

Country	Spot	Forward
Australia	1.5667	1.5667
Canada	1.5667	1.5667
Denmark	1.5667	1.5667
France	1.5667	1.5667
Germany	1.5667	1.5667
Italy	1.5667	1.5667
Japan	1.5667	1.5667
Sweden	1.5667	1.5667
Switzerland	1.5667	1.5667
US Dollar	1.5667	1.5667

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Dec	0.8933	0.8933	+0.0008	0.8938	0.8925	105	1274
Mar	0.8895	0.8895	+0.0005	0.8898	0.8888	176	2,218

EURO CURRENCY UNIT RATES

Country	Spot	Forward
Australia	1.5667	1.5667
Canada	1.5667	1.5667
Denmark	1.5667	1.5667
France	1.5667	1.5667
Germany	1.5667	1.5667
Italy	1.5667	1.5667
Japan	1.5667	1.5667
Sweden	1.5667	1.5667
Switzerland	1.5667	1.5667
US Dollar	1.5667	1.5667

UK INTEREST RATES

**LONDON MONEY RATES**

Instrument	Rate
Overnight	5 1/2
7 days	5 1/2
One month	5 1/2
Three months	5 1/2
Six months	5 1/2
One year	5 1/2

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Bank	Rate
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Bank of China	5.75
Bank of India	5.75
Bank of Japan	5.75
Bank of Korea	5.75
Bank of London	5.75
Bank of Mexico	5.75
Bank of New York	5.75
Bank of Paris	5.75
Bank of Rome	5.75
Bank of Spain	5.75
Bank of Sweden	5.75
Bank of Switzerland	5.75
Bank of Taiwan	5.75
Bank of Thailand	5.75
Bank of Tokyo	5.75
Bank of Vietnam	5.75
Bank of West Indies	5.75
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Bank of Zambia	5.75
Bank of Zimbabwe	5.75

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Series 121 due 2001

Irrevocably and unconditionally guaranteed by the Kingdom of Denmark

In accordance with clause (b) of paragraph 1 of the Terms and Conditions of the Bonds, notice is hereby given to the bondholders that for the five-year period commencing August 20, 1996 the Bonds will carry an interest rate of 5.70% per annum.

**CITYSCAPE Financial Corp.**

6% Convertible Subordinated Debentures due 2006

Cityscape Financial Corp. has approved payment of a 100% stock dividend to holders of record of the Company's Common Stock, \$0.01 per share as of June 24, 1996 to be paid to each record holder on or about July 1, 1996. In accordance with the Company's 6% Convertible Subordinated Debentures, the initial Conversion Price of \$32.50 per share of Common Stock is adjusted to \$26.25 per share as a result of such Stock Dividend.

**LOTHBURY**

Lothbury Funding No. 1 PLC

Mortgage Backed Floating Rate Notes due 2031

In accordance with the provisions of the Notes, notice is hereby given that for the three month period 10th July 1996 to 10th October 1996, the Class A1 Notes, Class A2 Notes and Class B Notes will carry an interest rate of 6.025%, 6.225% and 7.025% per annum respectively. The interest payable per £100,000 will be £702.56 for the Class A1 Notes, £1,561.61 for the Class A2 Notes and £1,762.70 for the Class B Notes.

**NATWEST MARKETS**

**FIDELITY FAR EAST FUND**

Société d'Investissement à Capital Variable

Kansallis House - Place de l'Europe  
B.P. 2174 - L-1021 Luxembourg  
R.C. B 16926

**DIVIDEND NOTICE**

At the Annual General Meeting held on June 25, 1996, it was decided to pay a dividend of USD 0.077 (7 cents) per share on or after 24th July, 1996 to shareholders of record on July 1, 1996 and to holders of bearer shares upon presentation of coupon No 17.

**HEMISPHERES FUNDING CORPORATION**

Guaranteed Asset Backed Floating Rate Notes, Series 1995-A

U.S.\$301,000,000

Interest Accrual Rate Coupon Amount (USD)

Series 1995-A Notes 6.047500% U.S.\$4,651,871.39

This Interest Accrual Rate and Coupon Amount should be used when determining the Interest payable on Friday, October 12, 1996.

**Bankers Trust Company**

as Trustee

**GIVE US A STAPLE**

And don't forget to add your cheque to fund more Macmillan Nurses to help 1,000,000 people living with cancer. (1 in 3 of us will get cancer)

Cheque amount £ made out to 'CRMF (FB)'

Please send to:

**CRMF FREEPOST LONDON SW3 3BR**

Cancer Relief Macmillan Fund exists to support people with cancer and their families.

Regd. Charity No. 261017

**ANZ Bank**

Australia and New Zealand

Banking Group Limited

ANZ 001 397 322

(Incorporated in New Zealand)

**U.S. \$250,000,000**

Floating Rate Notes due 1998

Notice is hereby given that for the three month period 10th July 1996 to 10th October 1996, the Notes will carry a floating rate of interest of 3 months US LIBOR plus an Annual Interest of 0.15% per annum. The interest payable per \$100,000 will be \$4.50 per annum. The interest payable per \$100,000 will be \$4.50 per annum. The interest payable per \$100,000 will be \$4.50 per annum.

**US\$50,000,000**

Subordinated Floating Rate Depository Receipts due 2000 (the "Receipts")

Issued by the Law Debenture Trust Corporation (the "Trust")

Each Receipt is secured by all proceeds in respect of deposits with the Trust.

**Bankers Trust Company**

as Trustee

COMMODITIES AND AGRICULTURE

Fischler may reveal meat market plan next week

By Neil Buckley in Brussels and Deborah Hargreaves in London

Mr Franz Fischler, the European Union agriculture commissioner, may unveil as early as next week his plans to curb beef production and rebalance the European beef market in the wake of the "mad cow disease" crisis.

farmers are entitled to receive premiums. Costs of the programme have yet to be determined, but the commission has repeatedly warned that no further funding for the beef market is available from this year's budget.

In a report to be released on July 24, the group estimates that pigmeat demand will rise by 745,000 tonnes next year and poultry by 334,700 tonnes or 216m birds as consumers switch from beef.

Soyabean futures prices soar in Chicago

By Laurie Morse in Chicago

Soyabean futures prices soared on the Chicago Board of Trade yesterday, extending a four-day rally, as traders considered the prospects for the US's freshly-planted soyabean crop.

back their outlook for weekend rains in the eastern corn (maize) belt, where the bulk of the nation's soyabean are grown.

200,000 tonnes of US soyabeans for shipment in August and was also in the market for soyabean meal gave further support to prices, although traders said the rumours, which had not been confirmed, had been circulating in the grain pits for several days, diminishing their impact yesterday.

Prices for soyabeans for November, the first new crop, delivery were up 60 cents per bushel for the week by midday, touching \$7.87 a bushel, and after easing back early in the

afternoon they rallied to settle at that level, up the permissible 30 cents daily limit from Wednesday's close.

Tribal violence stalls Indian gas search

Kunal Bose reports on exploration and production problems in the state of Tripura

Tribal violence in the north-east Indian state of Tripura is seriously hindering efforts to develop the region's gas resources. The Oil and Natural Gas Commission, India's largest hydrocarbons group, wants to drill new gas wells but it is finding it difficult even to produce gas from many of its existing facilities in the face of sustained violent campaign by the tribal insurgent groups.

ment has stepped up security for ONGC staff the company has suspended drilling in a number of places, including Baramura, the most promising gas-bearing structure identified so far, Khabal, Langal and Langlari. "We have identified

state's most important mineral resource, should be stopped. It would be wrong to see the tribal insurgency as merely a law and order problem. Insurgency has to be contained mainly through social and economic upliftment of the tribals.

recoverable reserve of 15.01bn cu m," says Mr Singh. "Our rate of success in striking gas in Tripura is the highest in the country. The wells in Rakhia, Baramura and Agarata Dome have a capacity to produce 1.5m cu m a day."

companies will be interested in prospecting gas in Tripura provided there are large takeout gas.

'We have identified 21 new locations for drilling at Baramura. But we are in no position to start the work'

21 new locations for drilling at Baramura. But we are in no position to start the work," says Mr Singh. Still more disturbing, perhaps, is that of the 12 gas-yielding wells at Baramura, ONGC is able to pump from only three.

ONGC has an important role to play in the state's development. But while the insurgent groups are in a position to ask the ONGC to pay a huge amount as income-tax and take out licences for exploration and drilling work, the state's most important resource cannot be exploited fully. ONGC's geological surveys have established 14 anticlinal structures and one subsurface dome feature as prospective fields.

In that expectation that the state will be able to contain the insurgency the ONGC is planning to step up investment in Tripura to Rs3bn during India's ninth five-year plan beginning April 1, 1997 from Rs2.5bn in the current plan period. "We will take up 23 wells for exploration and development during the ninth plan. But what must simultaneously be done is to develop industries based on gas," says Mr Singh.

The federal government wants other agencies besides the ONGC to be involved in gas exploration and production in Tripura. It has invited international bids for areas including Jampal, Sakhan, south of Harangal, Langlari, parts of, Tulamra and parts of Aathamra. Many foreign and Indian

Mouse 'plague' threatens Australian crops

Australia could face a mouse plague if steps are not taken to stem a recent build-up in the pest, Mr Xavier Martin, chairman of the New South Wales Farmers' Association's grains

committee, warned yesterday, reports Reuters from Sydney. Fast, efficient and safe control of mice was possible with strychnine, but farmers should be looking at pre-

vention in the first instance, perhaps by using perimeter baits. Farmers could not stand by and watch their first major harvest in years be decimated, he added.

COMMODITIES PRICES

BASE METALS LONDON METAL EXCHANGE (Prices from Anonymous Metal Trading) ALUMINIUM 99.7 PURITY (% per tonne) Close 1432.5-33.5 1469.00

Precious Metals continued GOLD COMEX (100 Troy oz \$/troy oz) Jul 364.0 +1.4 365.2 364.0 365.2

GRAINS AND OIL SEEDS WHEAT LCE (2,000bu) (2 per tonne) Jul 111.80 -0.75 111.25 110.85 110.18

SOFTS COCOA LCE (5,000lb) (2/tonne) Jul 1980 - 1980 1980 191 291

MEAT AND LIVESTOCK LIVE CATTLE CME (40,000lb; cents/lb) Jul 86.90 -0.70 87.00 86.25 85.40

ENERGY CRUDE OIL NYMEX (1,000 barrels; \$/barrel) Jul 21.77 +0.22 21.98 21.53 22.34

CRUDE OIL IPE (\$/barrel) Jul 19.33 -0.31 19.01 18.54 18.11

POTATOES LCE (2,000bu) (2/tonne) Jul 110.0 - 110.0 110.0 110.0 110.0

WHITE SUGAR LCE (5,000lb) (2/tonne) Jul 38.5 -1.5 37.0 36.7 36.4

ORANGE JUICE NYCE (15,000; cents/lb) Jul 115.2 -0.30 114.90 114.60 114.30

PRECIOUS METALS LONDON GOLD MARKET (Prices supplied by N M Rothschild) Gold/US\$ (1000g) 357.80 357.75

UNLEADED GASOLINE NYMEX (42,000 US gal; \$/gal) Jul 55.30 +0.71 56.00 55.90 56.50

FUTURES DATA All futures data supplied by CME. Jul 1100 +15 1115 1100 19 1,843

VOLUME DATA Open Interest and Volume data shown for contracts traded on COMEX, NYCE, CBOT, NYCE, CBOT and ICE. Jul 11 11 Jul 10 month ago year ago

INDICES JULIERS (Base: 1970=100) Jul 11 101.9 101.9 101.9 101.9

JOTTER PAD No.9,118 Set by GRIFFIN. A crossword puzzle grid with clues for across and down words.

LONDON TRADED OPTIONS and LONDON SPOT MARKETS. Tables listing option prices for various commodities and spot market prices for oil, gas, and metals.

OFFSHORE AND OVERSEAS. BERMUDA (REGULATED). GUERNSEY (REGULATED). Various financial and regulatory notices.



Offshore Funds and Insurances

FT Cityline Unit Prices are available over the telephone. Call the FT Cityline Help Desk on (444 171) 873 4378 for more details.

FT MANAGED FUNDS SERVICE

Table listing various offshore funds and insurance products, including Paragon UT Mgrs, The Paragon Unit Limited, and Royal Bank of Scotland FT Mgrs.

LUXEMBOURG (SIB RECOGNISED)

Table listing Luxembourg-based funds such as ARN ARND Funds, ARN ARND Growth, and ARN ARND Income.

ARN ARND Funds

Table listing ARN ARND funds including ARN ARND Growth, ARN ARND Income, and ARN ARND Bond.

Bank of America

Table listing Bank of America funds such as Bank of America Growth, Bank of America Income, and Bank of America Bond.

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Bank of America

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LUXEMBOURG (REGULATED)

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LUXEMBOURG (REGULATED)

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Swiss Bank Corporation

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Swiss Bank Corporation

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JAVICO 150

السوق المالية

Insuries gain sharp fall in stock prices

FT MANAGED FUNDS SERVICE

FT Cityline Unit Trust Prices are available over this telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

Table of FT Managed Funds Service listing various fund categories such as Global, UK, and International funds with their respective prices and performance metrics.

OTHER OFFSHORE FUNDS

Table of Other Offshore Funds listing various international and offshore investment options.

Offshore Insurances and Other Funds

Table of Offshore Insurances and Other Funds listing various insurance and investment products from different regions.

Advertisement for 'TAKE A BREAK FROM ORDINARY WEEKEND BREAKS' featuring a jazz band and promotional text.

GOVERNMENT BONDS

Additional text and advertisements on the left side of the page.

MANAGED FUNDS NOTES: Detailed disclaimer and information regarding the fund services provided.

LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

Table listing companies in the Alcoholic Beverages sector, including names like Diageo, Heineken, and Carlsberg, with their respective share prices and changes.

BANKS, MERCHANT

Table listing companies in the Banks, Merchant sector, including names like HSBC, Citigroup, and Royal Bank of Canada.

BANKS, RETAIL

Table listing companies in the Banks, Retail sector, including names like Lloyds TSB, NatWest, and Royal Bank of Scotland.

BREWERIES, PUBS & REST

Table listing companies in the Breweries, Pubs & Rest sector, including names like Asahi, Carlsberg, and Heineken.

BUILDING & CONSTRUCTION

Table listing companies in the Building & Construction sector, including names like Bovis Lend Lease, Bovis Lend Lease Construction, and Bovis Lend Lease Construction.

BUILDING MATS. & MERCHANTS

Table listing companies in the Building Mats. & Merchants sector, including names like Bunnings, Home Depot, and Home Depot.

CHEMICALS

Table listing companies in the Chemicals sector, including names like Akzo, Akzo, and Akzo.

CHEMICALS - Cont.

Continuation of the Chemicals sector table.

DISTRIBUTORS

Table listing companies in the Distributors sector, including names like Asda, Asda, and Asda.

DIVERSIFIED INDUSTRIALS

Table listing companies in the Diversified Industrials sector, including names like Anglo American, Anglo American, and Anglo American.

ELECTRICITY

Table listing companies in the Electricity sector, including names like British Energy, British Energy, and British Energy.

ELECTRONIC & ELECTRICAL EQPT

Table listing companies in the Electronic & Electrical Equipment sector, including names like Agilent, Agilent, and Agilent.

ENGINEERING, VEHICLES

Table listing companies in the Engineering, Vehicles sector, including names like BAE Systems, BAE Systems, and BAE Systems.

EXTRACTIVE INDUSTRIES

Table listing companies in the Extractive Industries sector, including names like Anglo American, Anglo American, and Anglo American.

ELECTRONIC & ELECTRICAL EQPT - Cont.

Continuation of the Electronic & Electrical Equipment sector table.

ENGINEERING

Table listing companies in the Engineering sector, including names like BAE Systems, BAE Systems, and BAE Systems.

ENGINEERING, VEHICLES

Table listing companies in the Engineering, Vehicles sector, including names like BAE Systems, BAE Systems, and BAE Systems.

EXTRACTIVE INDUSTRIES - Cont.

Continuation of the Extractive Industries sector table.

ENGINEERING - Cont.

Continuation of the Engineering sector table.

ENGINEERING, VEHICLES

Table listing companies in the Engineering, Vehicles sector, including names like BAE Systems, BAE Systems, and BAE Systems.

EXTRACTIVE INDUSTRIES

Table listing companies in the Extractive Industries sector, including names like Anglo American, Anglo American, and Anglo American.

EXTRACTIVE INDUSTRIES - Cont.

Continuation of the Extractive Industries sector table.

FOOD PRODUCERS

Table listing companies in the Food Producers sector, including names like Asahi, Asahi, and Asahi.

FOOD PRODUCERS - Cont.

Continuation of the Food Producers sector table.

GAS DISTRIBUTION

Table listing companies in the Gas Distribution sector, including names like British Gas, British Gas, and British Gas.

HEALTH CARE

Table listing companies in the Health Care sector, including names like AstraZeneca, AstraZeneca, and AstraZeneca.

HOUSEHOLD GOODS

Table listing companies in the Household Goods sector, including names like Asda, Asda, and Asda.

HOUSEHOLD GOODS - Cont.

Continuation of the Household Goods sector table.

HOUSEHOLD GOODS

Table listing companies in the Household Goods sector, including names like Asda, Asda, and Asda.

INSURANCE

Table listing companies in the Insurance sector, including names like Aviva, Aviva, and Aviva.

INSURANCE - Cont.

Continuation of the Insurance sector table.

INVESTMENT TRUSTS

Table listing companies in the Investment Trusts sector, including names like British American Tobacco, British American Tobacco, and British American Tobacco.

INVESTMENT TRUSTS - Cont.

Continuation of the Investment Trusts sector table.

INVESTMENT TRUSTS

Table listing companies in the Investment Trusts sector, including names like British American Tobacco, British American Tobacco, and British American Tobacco.

INVESTMENT TRUSTS - Cont.

Continuation of the Investment Trusts sector table.

INVESTMENT TRUSTS - Cont.

Continuation of the Investment Trusts sector table.

INVESTMENT TRUSTS

Table listing companies in the Investment Trusts sector, including names like British American Tobacco, British American Tobacco, and British American Tobacco.

INVESTMENT TRUSTS - Cont.

Continuation of the Investment Trusts sector table.

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Table listing companies in the Investment Trusts sector, including names like British American Tobacco, British American Tobacco, and British American Tobacco.

INVESTMENT TRUSTS - Cont.

Continuation of the Investment Trusts sector table.

INVESTMENT TRUSTS

Table listing companies in the Investment Trusts sector, including names like British American Tobacco, British American Tobacco, and British American Tobacco.

INVESTMENT TRUSTS - Cont.

Continuation of the Investment Trusts sector table.

Advertisement for 'WHAT EVERY DIRECTOR NEEDS IN A DISASTER WORDS OF COMFORT'. It features a graphic of a book titled 'BUSINESS CONTINUITY: A DIRECTOR'S NEED TO KNOW' and the contact number 0500 855311. The text explains that major disaster strikes one in five companies every five years and offers a free guide on business continuity.

Vertical text on the right edge of the page, including 'INVESTMENT COMPANIES' and 'HOTELS'.

Handwritten text at the bottom center of the page, possibly a signature or date.

Shares gain sharp fall in week prices

GOVERNMENT BONDS

ENVIRONMENTAL TRUSTS SPLIT CAPITAL - Cont.

Table listing environmental trusts with columns for Name, Price, and % Change.

OTHER INVESTMENT TRUSTS

Table listing other investment trusts with columns for Name, Price, and % Change.

INVESTMENT COMPANIES

Table listing investment companies with columns for Name, Price, and % Change.

LEISURE & HOTELS

Table listing leisure and hotel companies with columns for Name, Price, and % Change.

LEISURE & HOTELS - Cont.

Table listing leisure and hotel companies (continued).

LIFE ASSURANCE

Table listing life assurance companies.

MEDIA

Table listing media companies.

OIL EXPLORATION & PRODUCTION

Table listing oil exploration and production companies.

OIL, INTEGRATED

Table listing integrated oil companies.

OTHER FINANCIAL

Table listing other financial companies.

OTHER FINANCIAL - Cont.

Table listing other financial companies (continued).

PAPER, PACKAGING & PRINTING

Table listing paper, packaging and printing companies.

PHARMACEUTICALS

Table listing pharmaceutical companies.

PROPERTY

Table listing property companies.

PROPERTY - Cont.

Table listing property companies (continued).

RETAILERS, GENERAL

Table listing general retailers.

SUPPORT SERVICES

Table listing support services companies.

PROPERTY - Cont.

Table listing property companies (continued).

PROPERTY - Cont.

Table listing property companies (continued).

RETAILERS, FOOD

Table listing food retailers.

RETAILERS, GENERAL

Table listing general retailers.

RETAILERS, GENERAL - Cont.

Table listing general retailers (continued).

SUPPORT SERVICES

Table listing support services companies.

AIM

Table listing AIM companies.

SUPPORT SERVICES - Cont.

Table listing support services companies (continued).

TELECOMMUNICATIONS

Table listing telecommunications companies.

TEXTILES & APPAREL

Table listing textiles and apparel companies.

TOBACCO

Table listing tobacco companies.

TRANSPORT

Table listing transport companies.

WATER

Table listing water companies.

WATER

Table listing water companies (continued).

AIM

Table listing AIM companies (continued).

AIM - Cont.

Table listing AIM companies (continued).

AMERICANS

Table listing American companies.

CANADIANS

Table listing Canadian companies.

SOUTH AFRICANS

Table listing South African companies.

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service... Company classifications are based on those used for the FT-SE Actuaries Share Index.

WHAT HELPED WIN THE MOTABILITY CONTRACT WAS OUR STAFF, NOT JUST THEIR SKILLS BUT THEIR POSITIVE ATTITUDE. TONY WALKLING, HUMAN RESOURCES MANAGER, ROYAL INSURANCE. 0800 22 0151. A pool of talent.

LONDON STOCK EXCHANGE

MARKET REPORT

Big slide on Wall St wipes out London's gains

By Steve Thompson, UK Stock Market Editor

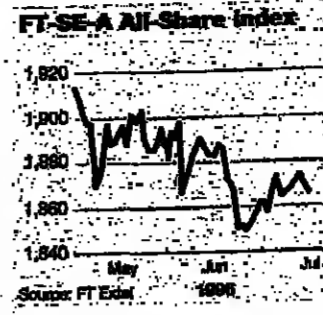
A promising start to the day by UK equities was demolished during the early afternoon by another slide by Wall Street, which threatened to register its second 100-point fall on the Dow Jones Industrial Average in six days.

UK shares had quietly regained the damage inflicted by last Friday's 115-point slide in the Dow and at one stage, very early in the session, looked like providing the ammunition to take the Footsie near to the 3,800 level.

The news from the US wiped out the remnants of a good early gain in the FT-SE 100 index. With the Dow on the slippery slope, London never looked like panicking but retreated in orderly fashion, finally closing a net 16.8 off at 3,749.0, a shade above the day's low.

Just as the second line stocks never really mirrored the gains of the leaders, they held up rather better than the front line issues in the afternoon, leaving the FT-SE Mid 250 index 8.5 down at 4,363.8.

Commenting on the latest move by Wall Street, a senior market-maker at one of the European brokers said London had put up an impressive performance: "There was no panic here, just a measured reaction; there does seem to be evidence of a decoupling of European markets from Wall Street."



Indices and ratios table showing FT-SE 100, FT-SE Mid 250, FT-SE-A 350, FT-SE-A All-Share, FT-SE-A All-Share yield, and various ratios like P/E, Dividend Yield, etc.

Equity shares traded table showing turnover by volume, turnover by value, and various market statistics.

ICI steers clear of sell-off

ICI stood tall amid the general unhappiness as some investors who had sold it down after the April profits warning decided enough was enough.

Barclays rumours Although Barclays trod water yesterday, bank sector dealers were beginning to speculate about big corporate changes at the time of the interim figures due for release early next month.

all of its BZW securities arm, and the possibility has been mooted that Commerzbank in Germany would be a willing buyer.

Forecasts were slightly adjusted to form a tighter cushion than the previous wide range. Analysts said M&S was confirming that consumption was picking up, but GUS's results showed the recovery to be selective.

The London market awash with rumours of an imminent big change. Best bets centred on a contract for 45 jets worth \$1.8bn from GE Capital Aviation, part of General Electric, of the US, and a major aircraft leasing company.

British Gas improved 2 to 187p, as one of the longest standing bears of the stock finally decided it looked cheap enough to buy.

Aggregate deals are something of a City back at the moment. French giant LeFranch has an agreed deal on the table for Enxenia, in which RMC has a 3 per cent stake and Recland a 41 per cent holding.

Most dealers discounted the chances of an offer for Parmax, pointing to the cancellation of £12m at Enxenia. "Parmax sits on a price tag of well over £1bn," said an analyst.

The recovery story at Tomkins, the conglomerate, continued to unfold with the shares, again solidly traded, adding a further 4 to 289p to top the Footsie performance charts.

Prices generally. Scottish & Newcastle, an important supplier to Intrepreneur pubs, fell 10 to 659p and Bass fell 18 to 822p. However, one analyst said the market's thinking was muddled, as Bass could pick up market share should approval be given and Intrepreneur would only be enjoying the discounts that other pub groups enjoyed.

Genus Metropolitan rose 5 to 442p on the back of the application with analysts speculating that it and Fosters would like to float Intrepreneur.

Futures and Options table showing FT-SE 100 Index Futures (Liffe) and FT-SE Mid 250 Index Futures (Liffe) with various contract details.

Market Reporters table listing names like Peter John, Joel Gibazo, Jeffrey Brown, Lisa Wood, etc.

Trading Volume table showing Major Stocks Yesterday with columns for Stock Name, Volume, Change, etc.

Standard Chartered PLC advertisement for US\$400,000 Undated Primary Capital Floating Rate Notes.

Standard Chartered PLC advertisement for US\$300,000,000 Undated Primary Capital Floating Rate Notes (Series 4).

Margined Currency Dealing advertisement for Laurion.

Futures and Options Trading advertisement for Berkeley Futures Limited.

Market-Eye advertisement for Futures & Options.

Signal advertisement for real-time quotes and news.

FT-SE Actuaries Share Indices table showing various indices like FT-SE 100, FT-SE Mid 250, etc.

FT-SE Actuaries All-Share table showing detailed share indices and their performance.

Hourly movements table showing price changes for various indices and shares.

FT Gold Mines Index table showing gold mining stock indices.

FT-SE Actuaries All-Share table (continued) showing more share indices.

Hourly movements table (continued) showing price changes.

Large vertical advertisement on the right side of the page, possibly for a financial institution or service.



Highs & Lows shown on a 52 week basis

WORLD STOCK MARKETS

Main table of world stock markets with columns for region (EUROPE, ASIA, PACIFIC, etc.), stock name, and price/percentage change.

Rockwell components for heavy and medium duty trucks and trailers keep businesses on the road to exceptional performance. Includes Rockwell logo.

INDICES table showing various regional and global indices with columns for index name, current value, and change.

US INDICES table showing US market indices like Dow Jones, S&P 500, and NYSE Active Stocks.

Table of active stocks in various regions including Toronto, North America, and Tokyo.

Vertical text on the left margin, possibly 'US' and 'appoints'.

JAVICO 1990 stamp at the top of the page.

NEW YORK STOCK EXCHANGE PRICES

4 pm close July 11

Main table of stock prices with columns for stock name, price, and change. Includes sub-sections for 'D', 'E', 'F', 'G', 'H', 'I', 'J', 'K', 'L', 'M', 'N', 'O', 'P', 'Q', 'R', 'S', 'T', 'U', 'V', 'W', 'X', 'Y', 'Z'.

Advertisement for Hewlett-Packard with text: 'Reach for it. If the business decisions are yours, the computer system should be ours. http://www.hp.com/go/computing'

Advertisement for 'GO' with text: 'Can the edge over your office every working day. Financial Times, World'

NYSE PRICES

Table of NYSE stock prices including columns for stock name, price, change, and volume. Includes sub-sections for NYSE, AMEX, and various market indices.

NASDAQ NATIONAL MARKET

Table of NASDAQ National Market stock prices including columns for stock name, price, change, and volume. Includes sub-sections for NASDAQ, OTC, and various market indices.

AMEX PRICES

Table of AMEX stock prices including columns for stock name, price, change, and volume.

Advertisement for 'Germany' newspaper featuring the headline 'Have your FT hand delivered in Germany' and details about subscription services.

## AMERICA

# Hewlett adds to worries in high-techs

### Wall Street

A sharp sell-off in technology stocks again spread to drag down the wider US stock market, as worries over the outlook for corporate profits erupted, writes Maggie Orr in New York.

Hewlett-Packard, the computer group, took over the role that Motorola had played on Wednesday, by announcing poor trading news after the market had closed the previous night.

By lunchtime yesterday the Dow Jones Industrial Average had come off its lows, which had taken it within two points of a 100 point drop by mid-morning. At 1 pm the Dow was 76.36 points lower at 5,528.29, a drop of 1.3 per cent. The Standard & Poor's 500 index fell 0.06

activity. Its shares fell 39¢ or 10.5 per cent to \$79½, while Motorola continued its fall of 45 cents to \$24.00, or 2.9% Wednesday. The loss since it announced poor second quarter earnings on Tuesday night to nearly 11%.

The concerns over earnings were not confined to technology shares. A profit warning from a leading healthcare group upset that sector. United Healthcare slumped 11½ to \$32½ when it said second quarter earnings would be 40 cents to 45 cents a share, compared with 51 cents in the same period last year. The company added that it would also take a 20 cents a share charge.

Other stocks fell in sympathy. US Healthcare was down 3½ to \$50½, while Oxford Health Plans dropped 8½ to \$27½, and Pacificare Health Systems was 4½ lower at \$57½.

JP Morgan chose a bad day to publish better than expected results. Although earnings per share in the second quarter of \$2.14 were well above expectations of around \$1.81, the shares fell ¼ to \$82½.

**Canada**

Toronto turned the spotlight on the gold sector after news that Barrick Gold would bid C\$915m for Arquipa Resources. Arquipa shares jumped C\$3.25 to C\$28.25, at a premium to Barrick's planned offer of \$27 cash per share but below their high for the year of C\$34.75. Barrick, which said it was interested in Arquipa's Pierina property in Peru, dipped C\$1.30 to C\$36.60.

The broad market was weak with the TSE-300 composite index down 29.90 by noon at 5,068.70 in heavy volume of 42.2m shares.

Elsewhere, Alcan Aluminium slipped 50 cents to C\$41.20 after reporting poor second-quarter earnings.

Sherrit International fell 40 cents to C\$6.75 after the US government announced sanctions to punish the company for its investments in Cuba.

## Mexico holds steady

The region's markets were in a holding pattern at mid-session yesterday, and were watching US developments closely.

MEXICO CITY'S IPC index was down 13.25 at 3,074.23 and the Bovespa index in SAO PAULO was off 220.83 at 64,225. Investors here were unimpressed by a bill before congress which would levy a financial transaction tax. Analysts said the tax was designed to raise funds for the country's health service.

Bear Stearns yesterday said it had raised its year-end target for the Bovespa index from 67,500 to 72,000, largely as a result of a rerating of Telebras, the telecommunications group. Mr Geoffrey Dennis said earnings estimates for Telebras had been lifted from \$6.60 to \$7.50 for the current year and from \$7 to \$8.60 for 1997 because of an improvement in cost controls. The 12-month target for Telebras ADRs was raised from \$78 to \$85.

On a dollar-adjusted basis the new rerating of the Bovespa implies a 7 per cent gain by the end of 1996.

## S Africa takes cue from US

Industrials declined as the market took its cue from weakness in the US. The overall index was down 46.6 at 6,891.3, the industrials index fell 62 to 8,122.3 and the golds index lost 20.4 at 1,876.2.

Dealers said foreign interest was slight given the malaise on Wall Street, but gold shares remained supported by hopes for a good set of quarterly reports, due in the near future.

Significant moves were recorded by De Beers, off 50 cents at R148.50, and Dried, down R2 at R61.

Elsewhere, Anglos lost R2 at R270 and SA Breweries slipped R2 to R127.50. First National lost 40 cents to R29 and Malbak dipped 90 cents to R20.

## EUROPE

# Novartis partners help Zurich to all-time high

Many of continental Europe's late closing markets were unable to overlook Wall Street's early weakness. ZURICH, however, continued to take an upward path, posting a third consecutive all-time peak, after a round of positive news from the pharmaceutical sector. The SMI index finished 22.0 higher at 3,510.0.

The Novartis partners powered ahead after reporting first-half sales figures which said Mrs Birgit Kuhnoff at URS, revealed unexpectedly strong pharmaceutical sales growth in the second quarter. Sandoz registered rose SF18 to SF1,447 and Ciba added SF20 to SF1,542.

Rocha, which said it would announce first-half group sales figures early today, continued to make up for its recent underperformance as positive news on product trials tended to raise the company's profile. The certificates added SF36 to SF9,698. Technical analysts said that, having broken convincingly through resistance at SF19,900 the way was now open to an all-time high of SF20,000.

FRANKFURT was excited both by the banking sector and the surprise decision to award Manesmann the DEKOM ten-

der. The Dex index rose 5.11 to 2,575.54 but the Dax closed at 2,561.96 in reaction to the Dow. Volume was DM120m.

Manesmann was lifted by further broker upgrades and closed the floor trading session at DM566.30, a 4 per cent gain, while in the Dax the stock moved to DM547.50.

Thyssen, meanwhile, was in the doldrums as investors sold stock which had been bought over the past week on expectations that the group would be successful in its DEKOM bid. The stock closed floor trading at DM282.50, off 5 per cent, and in the Dax at DM276.50.

Paris had been excited, it was likely that in the short term there would be little change in the sector, given the inherent conservatism of German banking.

He also forecast that, after the speculative excitement had subsided, investors would look again at fundamentals which, in his view, were now beginning to look stretched.

Deutsche Bank finished 97 pips ahead at DM74.55, Vereinsbank advanced DM3 to DM48.20, Allianz gained DM43 at DM2,636.50, Dresdner Bank put on 21 pips at DM99.57 and Hypo Bank DM2.05 at DM41.50.

PARIS was watching Wall Street and when that market fell, did likewise, but not as heavily.

The CAC-40 index, which had seen a high of 2,088.80, moved back to end off 8.19 at 2,073.65.

SGS-Thomson felt the after-effects of Motorola, closing down FFR5.5 at FFR18, with brokers commenting that the market was now anxiously awaiting the company's earnings figures, due to be released next week.

Saint-Gobain lost FFR 6 to FFR95, in line with the overall trend, and as the group opened its FFR55 per share tender offer for Poliet, a building materials company, up FFR3 at FFR65.

Activity remained heavy in SocGen, up FFR2, or 4.1 per cent, at FFR582, and other financials were also good, BNP rising FFR7, or 4.8 per cent, to FFR189.6 and Paribas up FFR1.5, or 4.5 per cent, at FFR34.

AMSTERDAM was buffeted late in the day and the AEX retreated 5.14 to 649.59.

Philips was stung by the continuing fall-out in the high-technology sector, losing 70 cents to FL54.20, but Royal Dutch was one of the day's few

risers, up 90 cents at FL264.30 as investors grew optimistic about a new Mexican gulf oil field.

MILAN fell prey to a series of external factors, not least a downgrade by Goldman Sachs. The US investment house changed its recommendation to underweight from overweight, due to a rapid slowdown in the economy as a result of the appreciation of the lira. The Comit index fell 1.35 to 632.90.

Olivetti slipped LIL1.5 to L867.5, weighed by US technology stocks losses and as investors waited to hear who would be appointed as managing director of Omnitel, in succession to Mr Francesco Calo, who is moving to Fiat.

Sist fell L56 to L5,065, as the company denied reports that it was the foreign company notified by the US government that it would be refused visas under



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## ASIA PACIFIC

# Nikkei reverses losing streak on round of late buying

**Tokyo**

Reports that the Long-Term Credit Bank of Japan planned to sell ¥600bn worth of stocks undermined confidence early on, but late buying left the Nikkei average higher for the first time in six trading days, writes Emiko Terazono in Tokyo.

The 225-issue average rose 113.64, or 0.5 per cent, to 21,892.58, after moving between 21,716.84 and 21,900.02. Technical activity dominated trading, with investors unnerved by reports of stock selling by LTCB, and fears of import inflation because of a rise in the dollar against the yen. But late institutional buying and futures-led arbitrage later supported prices.

Volume was 284m shares, against 320m. The Toxix index of all first section stocks put on 2.45 at 1,699.82 and the Nikkei 500 closed 0.52 to 207.42. Advances led falls by 677 to 424, with 208 issues unchanged.

In London the ISE/Nikkei 50 index gained 0.53 at 1,477.53.

Expectations that LTCB could sell off large amounts of brokerage stocks which it owns hit the sector, while investors sold LTCB shares in anticipation of retail selling by securities houses. Nomura Securities fell ¥20 to ¥2,030 and Nikko Securities declined ¥20 to ¥1,130. LTCB lost ¥11 to ¥300.

Other banks were also lower on fears of rising interest rates. The Bank of Tokyo-Mitsubishi fell ¥30 to ¥2,340 and Fuji Bank retreated ¥10 to ¥2,330.

Industrial Bank of Japan lost ¥10 to ¥2,530, declining for the ninth straight trading day. The stock has shed 7 per cent since the end of last month, and traders said investors were also worried by prospects of the bank issuing new shares to sustain its capital adequacy ratio.

High-technology stocks were among the day's gainers: Hitachi rose ¥30 to ¥1,050. Oil refiners were higher, with Nippon Oil up ¥11 to ¥724 and Showa Shell Sekiyu adding ¥30

at ¥1,140. Car issues were mixed. Suzuki Motor put on ¥30 to ¥1,410.

Nippon Steel, the day's most active issue, held at ¥361. Mitsubishi Heavy Industries gained ¥8 to ¥238.

In Osaka, the OSE average slipped 11.44 to 23,090.69 in volume of 28.1m shares.

**Roundup**

Worries that some of the country's banks could report disappointing earnings growth for the second quarter upset BANGKOK and the SET index fell 13.81 to 1,226.18 in volume of 47.2m shares worth B3.66bn.

Bank of Siam, the country's biggest bank, is widely expected to record a 7 per cent growth rate, year-on-year, in the second quarter, against 12 per cent in the first quarter. Analysts suggested that a retreat in second-quarter growth was due to the Bank of Thailand's high interest rate policy.

Bangkok Bank fell B16 to B230 in volume of 2m shares. Thai Farmers Bank shed B13 to B186 and Siam Commercial lost B18 to B276. The banking sector was 1.8 per cent weaker.

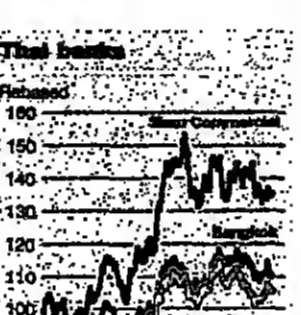
SYDNEY was unhappy with mining groups as the All Ordinaries index descended 17.30 to 2,183.30. Volume was 207.7m shares valued at A\$52.3m.

Both CRA and BHP were weaker as a number of brokers revised down their earnings projections. CRA dropped 37 cents to A\$16.38 and BHP 37 cents to A\$16.94.

North Flinders Mines, the gold miner, eased 15 cents to A\$7.65 after saying that output had slipped by nearly 8 per cent in the quarter ended on June 30.

Mayne Nickless lost 12 cents to A\$7.23 after announcing that it would sell its 25 per cent stake in Optus Communications as part of a larger initial public offering of shares in the telecommunications carrier later this year.

MANILA dipped 1.4 per cent, with local investors selling heavily after the market dropped through a crucial sup-



port level. The PSE index gave up 46.35 to 3,226.02. Volume was 10.3m shares.

HONG KONG edged higher, although activity continued to be limited by concern about

the strength of the US economy and interest rates. The Hang Seng index closed 8.59 ahead at 10,821.85 as turnover dipped to HK\$3.7bn.

Analysts, meanwhile, noted a shift of attention to second line stocks, whose p/e ratios had fallen sharply compared with index stocks.

Shares in VTech Holdings attained a year's high at HK\$15.40 and finished the session up HK\$1.20 at HK\$14.70 after the company reported a sharp improvement in full-year profits.

SINGAPORE remained focused on Malaysian shares, traded over-the-counter, while weakness in blue chips left the Straits Times Industrial index down 7.29 at 2,293.13.

Antah Holdings, the diversified trading group, gained 24 cents to S\$2.21 in heavy vol-

ume of 8.4m shares on news that it had secured a Malaysian highway toll concession.

Seaview Hotel surged 50 cents to S\$4.30 after announcing its decision to develop the Amber Close site.

Conversely, the troubled Creative Technology tumbled 80 cents, or 9.9 per cent, to S\$7.20 after the company's announcement that it was to take a \$30m charge.

SEOUL retreated as investors sold shares to meet margin loan payments, and the composite index fell 11.40 to 847.59 in volume of 28.3m shares.

Sentiment also soured on speculation that long expected market boosting measures would not come into effect until next year.

Samsung Electronics fell Won1,800 to Won8,800 and Kum Yong Construction re-lin-

quished Won260 to Won4,170.

Chung Ho Computer lost Won3,800 to Won59,900 on speculation that its first-half profits would prove a disappointment, while Kum Yong Construction fell Won260 to a year's low of Won4,170 on fears that it would run into deeper financial trouble because of a slowdown in apartment sales.

BOMBAY featured a R54.75, or 9.4 per cent, jump to R519.75 in Lakme on hopes that the cosmetics company planned a large bonus payment to shareholders. The BSE-30 index rose 29.08, to 3,700.89 on selective demand from funds.

Tata Unisys, the software company, added to Wednesday's R\$44.50 drop with another setback of R\$1 to R\$410 following news that the US Unisys Corp was selling its 40 per cent stake.

## FT/S&P ACTUARIES WORLD INDICES

The FT S&P Actuaries World Indices are owned by FT-SE International Limited, Goldman, Sachs & Co. and Standard & Poor's. The indices are compiled by FT-SE International and Goldman Sachs in conjunction with the Faculty of Actuaries and the Institute of Actuaries. NatWest Securities Ltd. was a co-founder of the indices.

NATIONAL AND REGIONAL MARKETS	WEDNESDAY JULY 10 1996						TUESDAY JULY 9 1996						DOLLAR INDEX				
	US	Day's Change	Point	%	YTD	Local	Local	Gross	US	Day's	Point	%	YTD	Local	Local	YTD	Year
	Index				Index	Index	Index	Index	Index	Change	Index		Index	Index	Index	Index	Change
Australia (79)	200.17	1.0	191.03	198.08	196.04	0.3	4.92	198.28	199.44	128.15	157.01	186.33	212.19	171.57	171.57	171.57	171.57
Austria (C4)	182.67	0.1	174.52	172.30	144.99	0.2	1.94	182.50	174.49	127.25	144.91	144.59	196.98	155.11	157.98	157.98	157.98
Belgium (C7)	208.08	-0.5	198.89	145.04	185.15	181.40	-0.4	4.13	209.38	200.08	143.90	185.81	213.87	188.08	186.95	186.95	186.95
Canada (12)	191.49	0.5	154.11	112.41	126.00	105.05	0.5	2.28	189.69	151.51	111.85	122.83	185.12	124.14	140.76	140.76	140.76
Denmark (C3)	305.78	-0.2	291.82	212.86	242.37	244.27	-0.2	1.88	306.49	292.89	213.97	242.72	244.68	278.91	278.91	278.91	278.91
Finland (C3)	192.58	-1.7	183.78	134.03	132.82	189.18	-1.7	2.86	193.95	187.24	138.55	155.18	191.80	171.73	282.37	282.37	282.37
France (90)	194.06	0.2	185.29	153.09	153.09	157.08	0.2	2.06	193.85	185.08	134.96	153.38	155.98	187.70	182.08	182.08	182.08
Germany (28)	171.97	0.2	164.12	119.71	136.31	136.31	0.3	1.82	171.85	184.04	119.83	135.96	132.56	155.88	182.14	182.14	182.14
Hong Kong (59)	424.85	-0.1	405.56	295.81	336.82	422.24	-0.1	3.38	424.42	408.90	286.46	336.91	422.74	348.81	379.25	379.25	379.25
Indonesia (C7)	204.82	0.5	195.47	142.38	162.34	292.89	0.3	1.35	203.74	194.89	141.98	161.29	292.04	222.41	222.41	222.41	222.41
India (58)	291.21	-0.5	282.97	192.79	222.80	242.54	0.4	2.45	279.75	261.23	194.98	221.27	250.22	235.89	242.58	242.58	242.58
Italy (54)	81.28	-0.2	77.57	55.58	64.43	83.16	0.0	2.37	81.42	77.80	55.74	64.48	83.16	84.53	87.22	87.22	87.22
Japan (88)	150.90	-0.8	144.01	105.04	119.80	108.04	-0.7	0.73	151.73	144.98	105.73	120.16	125.73	137.75	151.29	151.29	151.29
Malaysia (107)	60.23	-0.3	59.49	39.02	44.49	87.56	-0.1	1.67	59.63	58.31	39.03	44.43	87.69	88.77	84.84	84.84	84.84
Mexico (18)	117.34	-0.3	112.15	91.88	83.88	99.98	-0.6	1.35	119.07	118.54	92.02	93.34	96.65	791.39	1217.20	1217.20	1217.20
Netherlands (19)	292.59	-0.4	282.19	204.97	232.70	223.27	-0.3	3.14	294.72	281.81	209.37	233.40	229.44	254.99	237.32	237.32	237.32
New Zealand (15)	81.67	0.6	77.94	56.85	64.73	82.87	0.6	4.31	81.05	77.48	56.48	64.18	82.57	85.49	84.51	84.51	84.51
Norway (C5)	255.47	0.8	243.80	177.80	232.49	229.10	0.5	2.00	253.98	242.89	178.99	201.14	224.59	226.34	228.19	228.19	228.19
Philippines (C3)	212.43	-0.2	203.21	148.22	163.77	271.86	-0.2	0.55	213.30	208.81	148.84	163.92	273.34	222.41	222.41	222.41	222.41
Singapore (44)	404.23	0.5	385.77	281.30	320.40	263.31	0.5	1.44	402.43	384.53	280.43	318.70	282.04	485.21	402.89	402.89	402.89
South Africa (84)	385.38	0.2	348.88	254.33	280.59	346.96	0.1	2.10	384.08	348.40	254.13	285.81	343.74	341.85	344.64	344.64	344.64
Spain (C7)	178.46	-0.2	173.28	134.93	142.25	174.39	-0.2	3.34	180.94	172.89	128.08	143.30	175.74	183.85	182.73	182.73	182.73
Sweden (83)	293.13	-0.4	285.29	211.58	228.22	258.82	0.1	2.22	290.85	288.29	211.07	225.78	248.57	268.77	282.77	282.77	282.77
Switzerland (C7)	245.87	0.2	234.17	170.81	184.49	182.07	0.4	1.54	244.77	233.88	170.58	183.64	181.32	232.54	201.04	201.04	201.04
Thailand (43)	188.81	-0.1	181.10	117.31	133.80	168.51	-0.1	1.98	188.94	181.43	117.72	133.79	168.81	183.85	148.74	148.74	148.74
United Kingdom (C00)	238.70	0.3	225.88	184.77	187.81	225.89	0.3	4.14									

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GUILDFORD, SURREY

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London

Finance Director

New position with a fast-expanding and acquisitive quoted global group to work closely with the entrepreneurial European MD in profitable expansion across the UK and continental Europe. Will inject commercial judgement and instil tight financial disciplines, working in a highly professional, collegiate and supportive group.

THE ROLE

- Develop further the budgetary controls and management information systems for the European businesses to accommodate organic growth, integrate acquisitions and enhance decision making.
- Functionally responsible for finance directors in the businesses and working with them and line managers to improve the profitability and performance of assets of c. \$200 million.
- Manage certain UK shareholder, funding and group reporting issues. Play an active role in evaluating new business opportunities and negotiating acquisitions.

THE QUALIFICATIONS

- Mid 30s+ graduate accountant with technical excellence who has progressed to a senior commercially focused finance role in an international group. European languages and media experience an advantage. IT literate with a willingness to travel.
- Ideally worked in both head office and operational finance roles with evidence of real success in introducing effective reporting and control in a multi-site, growing environment.
- Personable, bright and ambitious with flexibility to thrive in an entrepreneurial and fast-moving culture. Clear potential for advancement.

Leeds 0113 2307774 London 0171 493 1236 Manchester 0161 499 1700

Selector Europe Spencer Stuart

Please reply with full details to: Selector Europe, Ref: 231210704, 16 Grosvenor Place, London W1G 2DQ

## US MULTINATIONAL - OUTSTANDING OPPORTUNITIES

Our client is a global service provider with an outstanding reputation. Due to continued expansion, they seek to strengthen the financial control and reporting functions with commercially minded finance professionals to complement the existing team.

### Director of Audit

West London

c.£60,000 + Package

Reporting to the Vice President of Audit and managing a team of experienced auditors, the prime responsibility is to ensure compliance with the company's procedures across the business units. The successful candidate will direct a number of audit tasks, including assessing operational and financial risk; directing the audit teams; liaising with senior management; providing internal recommendations with regard to both control and commercial implications. Candidates wishing to express an interest will have the following attributes:

- Graduate ACA preferably a member of the Institute of Internal Auditors with at least 10 years PQE gained in a leading accountancy practice or the audit department of a blue-chip company
- Proven track record of directing an audit function
- Exceptional verbal and written communication skills
- Diligence and professionalism, with the ability to demonstrate personal integrity

To discuss these opportunities in total confidence, please contact Ian Temple BSc(Hons) ACA oo 0171 405 4161. Alternatively, send your CV to him at the address below.

### Assistant Financial Controllers

West London

c.£40,000 + Package

Reporting to the Finance Director, these two new head office positions enhance the quality of financial reporting within the organisation. The successful candidates will be responsible for developing and implementing the policies and procedures necessary to achieve accurate, relevant and timely reporting.

It is envisaged that up to 50% European travel will be required. These positions are key entry points for future senior managers of this international business. Candidates wishing to express an interest will have the following attributes:

- Graduate ACA with up to 5 years PQE gained in both a leading accountancy practice and a multinational environment
- Confidence to challenge issues when necessary
- An analytical approach, able to tackle problems from several angles
- Proven track record of career success with an international perspective

FMS, 5 Bream's Buildings,  
Chancery Lane, London EC4A 4DY.  
Tel: 0171 405 4161. Fax: 0171 430 1140.  
Email: 100621.2024@compuserve.com  
We have offices in London, Birmingham,  
Manchester and Leeds.



SPECIALIST FINANCE RECRUITMENT



### Regional Financial Controller

South West • £45k plus car & benefits

Hyder Consulting, the Engineering Services Division of Hyder plc, is a major British company providing a broad range of project management, engineering, commercial & technical services to both the private & public sector through a network of offices in the UK and overseas. The business currently employs in excess of 3,000 staff with a turnover of £135 million.

A key appointment is required by the South & Midlands UK region as Financial Controller reporting to the Regional Managing Director. The individual must strive for high standards in a demanding environment in a business that is tightly competitive.

#### The Role

- Supporting the Regional MD in managing & controlling business activity comprising project bidding & review, resource management, planning & strategic issues.
- Leadership of the regional finance function involving monthly reporting, cash management and interpreting Key Performance Indicators.
- Managing the implementation of new management information systems which integrate project control with financial reporting
- Critically assessing business performance through monitoring project margins & overheads.

#### The Skills Required

- Graduate, Qualified Accountant
- At least 6 years post-qualification experience gained in a commercial environment
- Proactive with flexible approach; an ability to deal with all levels of staff is required
- Outstanding communication skills with the ability to clearly explain and quantify business plans & performance

The business needs a highly competent manager capable of adding value to the business & providing a major contribution to the all round commercial management of the region.

#### Regional Financial Director

Germany

A similar position is open in our associate company in Germany based in Halle. Fluency in German is essential together with experience with both UK and German companies.

Applications for the above positions should be sent to: Sue Atterbury, Hyder Consulting Limited, Chancellor Court, Occam Road, Surrey Research Park, Guildford, Surrey, GU2 5XS

## Lazard Brothers & Co., Limited

Lazard Brothers is a British merchant bank whose businesses include corporate finance, banking, investment management and capital markets. The provision of high quality services to a broad client base underpins our reputation in the UK and worldwide.

The Financial Division in London serves all of the bank's trading divisions and is responsible for the core accounting and reporting functions. The impending moves of two staff to other roles within the organisation have created opportunities for two talented individuals to join the team.

### Senior Management Accountant

Reporting to the Group Financial Controller and managing a team of eight, you will control and develop management information, Board reporting and budgeting processes for the Group. You will be involved in systems enhancements and project initiatives driven by business needs. A graduate accountant with 5-8 years' post-qualifying experience, you will have strong accounting, analytical and IT skills and sound man-management abilities. Your understanding of merchant banking will probably have been gained via working in a financial institution.

### Financial Accountant

The successful candidate will be responsible for financial reporting and financial control of various operating divisions and subsidiary companies. Reporting to the manager responsible for financial accounting and projects, your work will include the review, interpretation and implementation of existing and proposed accounting standards, involvement in producing the Group financial statements, and the periodic review and update of Group accounting policies including the treatment of new currency investments. Probably a Chartered Accountant, you will have 2-4 years' post-qualifying experience gained either in the profession or within financial services. Up-to-date technical knowledge and PC skills are essential.

These opportunities will appeal to highly motivated finance professionals who will thrive in a hard-working, team-orientated environment. Able to prioritise and to maintain high standards under pressure, you will have the maturity, credibility and interpersonal skills needed to work with management throughout the Group at all levels.

Please write to Janet Bullock at BBM Selection, 76 Walling Street, London EC4M 9BJ quoting reference 400 and enclosing a full Curriculum Vitae that includes contact telephone numbers. CVs sent to Lazard Brothers will be forwarded to BBM for consideration. All applications will be treated in the strictest confidence.

## International Business Development

### Leading Investment Management Business

Excellent Salary Package + Bonus

City

Exceptional role for proven international business developer to drive continued growth in dynamic, successful team.

#### THE COMPANY

- Prestigious, highly profitable, UK-based asset management group.
- Excellent reputation for investment performance and product innovation.
- Business development viewed as integral part of continued international expansion.

#### THE POSITION

- Work closely with business development team to grow international businesses.
- Design and implement a business plan for off-shore investment products.
- Develop and manage institutional client relationships.

- Co-ordinate product launches and drive business development projects.

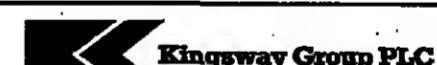
#### QUALIFICATIONS

- Graduate, possibly MBA/specialist in Economics or Finance with excellent understanding of financial markets.
- Min 3 to 4 years' experience. Marketing/sales background advantageous. Fluency in German, French or Japanese helpful.
- Skilled project manager. Highly motivated. Innovative team player.

Please send full cv, stating salary, ref FS40705, to NBS, 10 Arthur Street, London EC4R 9AY



City 0171 623 1520 • London 0171 493 6392  
Aberdeen • Birmingham • Bristol • City  
Edinburgh • Glasgow • Leeds • London  
Manchester • Slough • Madrid • Paris



## Finance Director

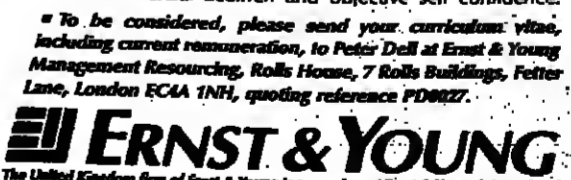
London

£80,000 + benefits

Kingsway is a holding company controlling specialist manufacturing companies in building materials and furniture systems, which requires a strong, commercial Finance Director. Kingsway is a subsidiary of a Danish Group.

- **The Client**
  - Successful sustained development of both specialist building materials and furniture businesses which are carefully matched in design and service to their market needs.
  - Planned expansion beyond the present £150 million turnover.
- **The Appointment**
  - Effective design and strong operational control of management and financial reporting systems.
  - Fully engaged in the commercial reality of the business.
  - Responsible for the development of the business plan and consequent detailed budgets.

- Compliance with all statutory requirements.
- Reporting to the Group Managing Director for the whole finance and IT function.
- **The Candidate**
  - Proven ability of senior financial management.
  - Keen interest in the reality of a business providing effective service to customers, founded on accurate, timely information.
  - Graduate, chartered accountant.
  - Ability to work in a team, both as player and leader.
  - Capability to think strategically.
  - Commercial acumen and objective self confidence.



## Finance Director

North West

£40,000 + Car + Benefits

Our client is a well established, privately owned company and a leader in its field. With recent rapid growth, it has reached a turnover of £10 million and plans to float in the next five years. This impressive growth has been achieved through providing a high quality service to a blue-chip client base. It now needs to appoint a Finance Director to play a key role in the company's further development.

Reporting to the Managing Director, responsibilities will be broad, embracing proactive involvement in the financial management of the company, and projects on key issues such as the profitability of products and financial analysis to support the management with business decisions.

KPMG Selection & Search

Applicants must have experience in a fast moving organisation as either a Finance Controller/Manager in a small to medium-sized company, or as a Finance Manager in a larger business. Aged around 30 to 40 and a qualified accountant, you must have strong financial skills and an entrepreneurial spirit. First-class interpersonal, communication and presentation skills are vital in order to fit our client's culture, accompanied by high levels of self-motivation and energy.

Applicants should write, enclosing full career and salary details, quoting reference B/S81/96 to Alison Hann, KPMG Selection & Search, 2 Cornwall Street, Birmingham B3 2DL.

### Les Echos

The FT can help you reach additional business readers in France. Our link with the French business newspaper, Les Echos, gives you a unique recruitment advertising opportunity to capitalise on the FT's European readership and to further target the French business world. For information on rates and further details please telephone: Toby Finden-Crofts on +44 171 873 3456

## Coca-Cola Bottlers Tashkent Ltd.

TASHKENT, UZBEKISTAN

### CHIEF FINANCIAL OFFICER

The successful candidate will:

- be a Chartered or Certified Public Accountant
- have experience in financial reporting with public or private companies
- have experience in accounting controls & procedures
- have experience in managing a \$50 million revenue corporation
- have professional experience of five years

The Firm Offers:

- employment in an international environment with the world leader in the beverage industry
- competitive compensation package including: performance bonus, medical, travel, auto and housing

Please apply to CCBTL including salary requirement by fax: 3 712 891640

JAVICO LTD

# Oil, Gas & Petrochemicals

## Initiate and manage change

### London base - Global reach

£35-60,000 + Benefits package

Each of these industries has a fundamental impact on our daily lives. After a long period of gradual evolution, this sector is currently experiencing unprecedented and wholesale changes large scale mergers, outsourcing, business process re-engineering and major integrated systems implementations.

Our client is internationally recognised as a world leader in providing consultancy services to the major blue-chip companies which operate in these markets: multi-disciplinary teams work in partnership with clients on global projects, to bring about significant improvements in performance. Assignments are challenging and complex, operating at all levels within substantial world class organisations to effect real and lasting improvements in business process and deliver competitive advantage.

A number of opportunities currently exist for exceptional candidates who wish to broaden their knowledge and apply this creatively to re-design and shape the future of this dynamic sector.

We seek qualified accountants, logistics and supply chain, marketing and IT professionals, from all European countries. Probably aged 27-35, you will have a strong academic background and a proven record of achievement within these or related industry sectors. Personal flexibility and a willingness to undertake international travel are pre-requisite in this challenging and demanding environment.

Progression is based entirely on merit, and continuous professional training ensures that every consultant is provided with excellent commercially focussed business experience throughout their career.

If you are keen to apply your skills in a professional and intellectually demanding environment, please forward a comprehensive CV, quoting reference 292719 to Diane Forrester ACA, Michael Page Consultancy, Page House, 39-41 Parker Street, London WC2B 5LH. Alternatively, for an informal discussion call her on 0171 831 2000.



Michael Page Consultancy

Specialist Recruitment Consultants

## Hays Taxation Personnel



### International Tax Executive

London

£Excellent Package

#### The Organisation

Banque Paribas is a leading international investment bank operating in 60 countries and employing in excess of 9,000 people. At the leading edge of banking and finance, Banque Paribas' expertise is focused on 6 core activities: corporate banking, equity, fixed income, advisory services, asset management and securities services.

Through its Capital Markets activities, Banque Paribas provides a comprehensive range of products and services in the primary and secondary bond and equity markets, currency and interest rate swaps and options, fixed income and equity derivative products and specialised instruments.

#### The Role

You will be based in London and have global responsibility for key international tax planning activities for the worldwide capital markets operation of this leading financial institution:

- Provision of creative and imaginative international tax advice.
- Co-ordinating the effective structuring of this fast-moving core business activity.
- Analysis of cross border trades.
- Withholding tax and manufactured dividend planning.
- Effective presentations on tax issues to non-tax technical colleagues.

#### The Appointee

With a proven track record in international tax it is envisaged that the ideal individual will be:

- An imaginative and resourceful tax professional with a minimum of four years relevant experience gained within a banking environment or a leading accounting firm.
- A strong communicator with the interpersonal skills to work in a multi-cultural environment. Fluency in French will be an advantage.
- An effective team member and have the personal presence and influencing skills to put across your views.
- Ambitious, a self-starter and pro-active.

In return, the successful candidate can expect a high profile challenging role and a rewarding career with this leading international investment bank.



To discuss this outstanding opportunity further, interested applicants should contact our retained consultant Laurence Wolohart on 19 44 171 405 4879, or forward an up to date CV, including day time telephone number and salary details to 307-308 High Holborn, London WC1V 7JL. Fax: 19 44 171 831 3396. This position is being handled exclusively by Hays Taxation Personnel, any direct applications will be forward on to them.

## INTERNATIONAL MEDIA GROUP

### Exceptional roles for young ACAs

London

c.£35k+fx car+bens

One of the world's largest information providers and publishers, our client is a leader in its chosen markets with interests ranging from online data services and scientific journals to consumer magazines. Highly profitable, annual sales exceed £3 billion, achieving success through strong organic expansion, investment in new products and an active acquisition programme.

Crucial to this successful expansion is the effective integration of newly acquired companies. The Audit Team plays a central role in this process, focusing on high risk areas and identifying continual improvements in efficiency. Working closely with subsidiary Finance Directors, the 5-strong team acts as a catalyst for the introduction of change, carrying out pre- and post-acquisition reviews.

In addition the team seeks to ensure the leverage of best practice throughout the organisation, playing a key part in processing knowledge between business units. Members of the team also look at controls within existing businesses, gaining broad exposure to Head Office and subsidiaries, undertaking approx. 25-30% travel to Europe, the USA and Asia Pacific.

Following a series of promotions to senior line management

positions, the team requires 2 additional members, who should be ambitious, bright young ACAs from a major practice. A good degree is essential, together with WP and spreadsheet skills and the ability to communicate effectively both orally and in writing. Successful candidates will probably have 2-3 years' exp, but exceptional recently qualifieds will be considered. French, German or Spanish language skills would be an added advantage but are not essential; more important is the flexibility to be an effective team player yet be strongly self-motivated.

Career prospects in this growing, international environment are excellent and the rewards outstanding. The company operates a comprehensive training and development programme and in addition to an attractive salary and fully expensed car, benefits include health insurance, share option saving schemes and 5 weeks' holiday.

Interested applicants should post or fax a full CV quoting ref 161A to the address/fax number below. For more information contact us on 0171 242 9191 or during the evenings and weekends on 0171 231 8272 or 0181 607 9621.



SEARCH & SELECTION  
95 FETTER LANE, LONDON EC4A 3EP TEL: 0171-242 9191 FAX: 0171-242 3560



MOBILE PHONE HIRE

## Finance Director

Yorkshire

c £50,000 + Bonus + Car

Cellhire plc is Europe's leading hirer of mobile communication products and through its global partnerships with Vodafone and AT&T Wireless, they are extremely well positioned to take full advantage of significant market opportunities. In order to support these ambitious strategies, they seek to strengthen the management team through the appointment of a high calibre Finance Director.

Reporting to the Managing Director, you will be expected to develop management information systems and establish strong controls to support a growing company. As a key member of a small management team, you will be expected to make a significant contribution to the

overall commercial development of the business. Candidates, aged 30-40, will be qualified accountants with a strong profit orientation and the ability to take and influence commercial decisions at the highest level within a fast moving business. Well developed interpersonal skills coupled with a proactive, innovative approach are essential to make an important contribution to the future success of the company.

Interested applicants should forward a comprehensive CV quoting reference 299401 to Stephen Banks, ACMA at Michael Page Finance, Aquis House, 12 Greek Street, Leeds LS1 5RU, or fax 0113 243 3177.



Michael Page Finance

Specialists in Financial Recruitment  
London Bristol Birmingham Edinburgh Glasgow Louthbridge Leeds  
Maidenhead Manchester Nottingham St Albans & Worldwide

## INTERNAL AUDITOR

MIDDLE EAST BASED

We are one of the leading financial institutions based in Bahrain with branches in Europe and North America and representative offices in the Middle East and Asia. The Internal Audit Division of the bank undertakes examinations of operational, credit and EDP risks across the bank. An opportunity has recently arisen for an individual to manage the operational audit function reporting to the Chief Internal Auditor.

The ideal candidate is likely to be a Chartered Accountant with at least five years of post qualification experience. Prior experience of the financial services industry is a must with this experience having been gained within the profession or within the financial services industry itself. The incumbent must have excellent communication skills both written and oral and the ability to deal with people tactfully. The preferred age group is 28-33.

For the right candidate we offer a generous tax free salary, free furnished accommodation, annual return airfares during holidays and a host of other benefits.

In the first instance, please write enclosing a detailed CV and stating your current salary to  
The Financial Times, Box A5909, Financial Times,  
One Southwark Bridge, London SE1 9EL



Les Echos

Le Quotidien de l'Économie

The FT can help you reach additional business readers in France. Our link with the French business newspaper, Les Echos, gives you a unique recruitment advertising opportunity to capitalise on the FT's European readership and to further target the French business world. For information on rates and further details please telephone: Toby Finden-Crofts on +44 171 873 3456

## Outstanding Opportunity in Equities Product and Risk Control

UBS is one of the world's strongest banks and is a growing force in integrated investment banking. As one of the few AAA-rated financial institutions in the world, we have a major global presence in Debt and Equity Markets, Corporate Finance and Derivatives. The Product and Risk Control function within UBS London is located on the trading floor and requires close liaison with trader and senior product management to provide a 'value-added' service.

- In order to continue the development of the quality and breadth of service to our increasingly global businesses, we are looking to recruit a high calibre individual as Controller for listed derivatives including convertibles, warrants, futures and options. The role will cover:
- Daily risk and P&L verification, reporting and analysis including running of risk models
  - Review of limit utilisation and matrix sensitivity
  - Review of Mark to Market and liquidity
  - Analysis and commentaries of financial and non-financial performance
  - Ad-hoc revenue and commercial analysis
  - Involvement in the implementation of new products
  - Major project development, including input to the ongoing development of the current Value at Risk system
  - Extensive front-office liaison

The successful candidate is likely to have the following background:

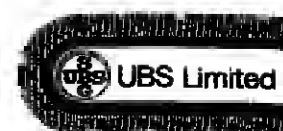
- Qualified accountant (ACA, CIMA), preferably Big Six/Blue Chip background
- Minimum 1 year experience in Convertible Bonds or Equity/Bond options
- Strong academic background
- Excellent written and oral communication skills
- Good analytical skills
- Ambitious and keen to succeed in a dynamic and challenging environment
- Enthusiasm and drive
- Proven ability to work in a fast-moving team environment

This high profile position offers the perfect opportunity for the successful candidate to make their mark on and build a career with this major international bank.

As well as an attractive salary and career prospects, the position carries a comprehensive benefits package including a discretionary performance award. UBS is committed to staff development and offers a formal structured training programme.

Interested candidates should send a detailed CV to the address below.

Catriona Dunn  
UBS Limited  
100 Liverpool Street  
London  
EC2M 2RH



## financial controller

# KIEV.

U.S. food company      excellent package

An opportunity for a young Accountant or MBA to join a US Food Multinational as Financial Controller, Ukraine. Someone currently a manager in Public Practice or with 2-5 years post qualified experience in commerce. We're looking for a hands-on financial manager who will sort out accounting controls as well as deal with the strategic issues. Currently operating in 6 product lines, 100% growth forecast for

the coming year, the subsidiary has ongoing inward investment with new processing plants to follow.

Based in Kiev you will have full responsibility for the finance department, improving systems,

recruiting and training local finance staff and US GAAP reporting back to the European HQ in London.

You will also work with Management, investigating and supporting new business

opportunities, look after treasury, & develop tax efficient financing arrangements in conjunction with European Treasury & Tax Departments.

The Country Controller should be a strong number two to the

General Manager, deputising for him in his absence and getting involved in operational aspects of the business. This is a great opportunity to learn and develop your skills at a broader level than pure financial management.

Russian language ability would be an advantage, if Russian, fluent English is necessary. We also want someone who is looking for a long term international career, not a short term assignment.

We have opportunities in London, Central & Eastern Europe for internationally mobile Accountants, Treasurers & Tax Professionals. Visit: [www.farnwilliams.co.uk](http://www.farnwilliams.co.uk)

**FARN WILLIAMS**

Diamond House, 37-38 Hatton Garden, London EC1N 8RW Tel: (44) 171 404 4089 Fax: (44) 171 404 4083. Email: [farnwilliams@diaf.pipex.com](mailto:farnwilliams@diaf.pipex.com)

## Director, Treasury Projects

Brighton

**c £50,000 + Benefits**

American Express is one of the best known branded companies in the world. Travel Related Services incorporates three product areas: Cards, Travellers' Cheques and Corporate and Retail Travel. These are supported by a series of highly qualified and energetic functional teams, with International Treasury providing critical input to the smooth and efficient operational activities, as well as key strategic contributions to the effective evolution of the businesses and their products.

As a result of internal promotion, there is a requirement to recruit a Director, Treasury Projects to head the small but highly regarded internal treasury consultancy team. The scope of this role is broad and enjoys a strong and authoritative profile reporting to the Vice-President and Treasurer for Europe, Middle East and Africa. Working alongside two other line treasury Directors, and having responsibility for a first class experienced team, this individual will define and lead projects, acting as a focal point of expertise and managing assignments from their inception through to implementation.

Candidates will typically be qualified accountants who have specialised in treasury for at least 3-5 years and are members of the Association of Corporate Treasurers. A strong command of international treasury, tax and related regulatory issues is essential, as is a proven track record of successful project management. Personal qualities will include an open and persuasive communication style, an energetic and committed work ethic, and the intellectual capacity to deal with a series of demanding and complex assignments concurrently.

Above all, we are particularly interested in individuals who are committed to rapid career advancement and who will thrive in the challenging and goal-orientated environment of this world class organisation.

Applicants should forward a comprehensive CV, quoting reference 290365 to Jon Boyle ACA, Executive Division, Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LL.

**Michael Page Finance**

Specialists in Financial Recruitment  
London Bristol Birmingham Edinburgh Glasgow Leamington Spa  
Maidenhead Manchester Nottingham St Albans & Worldwide



An American Express company

## PRICING ANALYST

- £30k

LEASING  
- FINANCIAL SERVICES  
ESH, SURREY

An excellent career opportunity for an accountant with a Leasing or Financial Services background to join this major UK company. Experience in the co-ordinating of pricing policies and analysis of profitability by market sector is essential. Career details please to:

Mike Stone,  
Parkside Accountancy,  
5 High Street, Staines,  
Middlesex TW18 4QY  
Tel: 01784 456111  
Fax: 01784 452744

## ASSISTANT DIRECTOR (Finance, Control & Administration)

The United Nations Office for Project Services (UNOPS), a major provider of project management and implementation services to the United Nations system and developing countries, seeks an experienced candidate for the post of Assistant Director in its Division for Finance, Control & Administration (FCA) in its Headquarters in New York.

### Responsibilities:

Under the general supervision of the Executive Director, the Assistant Director controls, directs and coordinates a major financial system, encompassing the organization's activities, and participates in the management decision-making and evaluation of programme performance. Budgets are of a very significant size and of such diversity as to require complicated interactions between finance and programme departments from previous precedents are required to respond to changing management needs and concerns arising from financial uncertainties.

Develops and implements operational policies, performance measurements, standards and plans to ensure correct financial practices and adequate control.

Directs budget preparation, implementation (incl. Revision) and reporting, coordinates/controls consultations throughout the organization.

Coordinates the formulation and evaluation of financial reports for the Executive Director with particular attention to commenting upon compliance with the organization's programme of work and budget.

Serves the legislative body and senior management as an authoritative source of advice regarding management of finance, and participates in the development of broad organizational objectives and related policies for implementation.

Directs through supervisors the provision of financial services and maintenance of financial records.

Performs the functions of Approving Officer for all UNOPS financial transactions sets financial standards and formulates financial procedures that ensure adherence to the Financial Regulations and Rules and maintains or strengthens internal controls with the purpose of having UNOPS operate efficiently, effectively and in a business-like manner.

Co-signs, along with the Executive Director, the UNOPS financial statements, certifying their integrity and objectivity.

Reviews procurement activities (purchasing of equipment and supplies, contracting for work and services, and hiring of project personnel) and reports back to the Executive Director any non-compliance with standards and procedures; reviews performance and reporting of the project holder; and provides training on handling of Project Accounts and other financial and administration matters to headquarters and field staff as appropriate.

Has overall responsibility for the activities of the Personnel Section and ensures that all UNOPS personnel (headquarters, outposts and projects) are recruited and administered effectively and efficiently.

As UNOPS' Chief Procurement Officer (CPO), receives the advice of the Procurement Review Advisory Committee and approves or disapproves awards of contracts, as appropriate.

As a member of senior management, participates, together with the other Assistant Directors, in all Management Coordination Committee meetings, Division Chiefs and ad-hoc meetings that may be called; represents the organization in inter-agency and external meetings dealing with budget and finance matters.

**Qualifications and Experience:**

Post graduate degree in Business Administration and/or CPA;

Professional budgetary and financial experience of 15 years, of which at least 5 must have been at Senior Management level, B.A., Controller or equivalent;

Proven record of professional accomplishment and supervisory skills;

Full proficiency in English and either French or Spanish.

**Submission of Applications:**

Candidates should submit an application including a letter of interest and C.V. to: Chief of Administration Section, United Nations Office for Project Services, 220 East 42nd Street, 14th Fl., New York, NY 10017. Reference: "UNOPS Assistant Director". Women candidates are encouraged to apply. Candidates are also requested, where possible, to attach a Personal History Form (PH1), obtainable from UNOPS, New York, or the office of the UNOPS Resident Representative. Applications should be received by UNOPS by 26 July 1996 and may be forwarded by FAX: 1-212-906-6815. Only those candidates that are shortlisted will be contacted.

**UNOPS**

United Nations Office for Project Services

## FINANCE DIRECTOR

Contract Logistics

North West Base      from £50,000 + bonus + car + benefits

Our client is a major player in UK contract logistics, vigorously expanding by organic growth and acquisition and wishes to recruit a high calibre Finance Director to manage the financing of continuing expansion, whilst controlling the day-to-day finances and reporting of a multi-site business with a £60million plus turnover.

Candidates will be commercially aware, qualified accounts with exceptional technical and management skills. Proven success in managing the Finance function of a multi-site customer focussed service business is essential, ideally in Third Party logistics, with exposure to acquisitions, systems implementation and the development of effective management information.

This is a rare opportunity to join a young, demanding team and to display leadership, a mature management approach, conceptual vision and excellent communication skills in a vibrant, exciting and tough environment.

The immediate financial rewards are excellent, (including relocation to the N.W. head office), and the future potential for the position is high.

Apply in confidence quoting ref 792 to Hamilton Howatt, FCA, ERP Selection & Search, 310 Chester Road, Hartford, Northwich CW8 2AB, enclosing a full cv and detailing how you believe you meet our client's requirements.

**ERP** Management  
Selection &  
Search  
Executive Recruitment Partners

Our client is an equal opportunities employer.

Influential role for an experienced manufacturing sector finance professional as

## FINANCE DIRECTOR

Rural West Midlands

c£46k Package + Car

This subsidiary of a FTSE 100 plc wishes to recruit a successor to the retiring Finance Director of one of its flagship companies - a profitable and expanding multi-site manufacturing, marketing and service business. With an increasingly global perspective and a blue-chip, leisure-related customer base, the young and energetic Board is developing its own unique route to World Class performance in all facets of its operation.

The role carries full responsibility for the sound financial management of the company, including the maintenance and further development of MIS and the timely consolidation and delivery of statutory accounts. In addition you will be responsible for acquisition and major capex evaluation. An influential contribution to activity based management analysis, total quality and continuous improvement initiatives, both within

and beyond the Finance function, is also required. The successful applicant will be a qualified Accountant with experience at senior management level in a multi-site manufacturing environment. Preferably IT literate and with the commercial acumen to play a valuable role in the general management of the business, you will also have a reputation for the development of the members of your own team and colleagues.

Please write explaining how your career to date gives evidence of your fit with the role and enclosing a brief CV (including remuneration details) to Ian Day, Barnes Kavelle Limited, Human Resource Consultancy, Cavendish House, Queen Street, Mirfield, West Yorkshire WF14 8AH. Please quote reference 7082 on both envelope and application.

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Probably in your 30s, graduate education, professionally qualified, thoroughly numerate and fully up-to-date with modern accounting techniques. Maturity to lead negotiations with conviction.

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# Malaysian visionaries of first 'intelligent city'

By James Kyngie in Kuala Lumpur and Guy de Jonquieres in London

Tengku Mohammad Azman Shariffadeen is a prince of royal blood with a high-tech vision of Malaysia's future. His ambition is to turn his country into the Asian hub of the global information industry.

That vision was given a significant boost this week when Telekom Malaysia, the former state monopoly, announced it intended to invest M\$5bn (US\$2bn) over eight to 10 years to lay the infrastructure for a "multimedia super corridor" to accommodate high-technology companies.

Centred on Kuala Lumpur, the 600 sq km super corridor 15km wide and 40km long, is to link Kuala Lumpur's city centre, a new international airport and an administrative capital, Putrajaya, which is under construction at a cost of M\$30bn. The government hopes the area will attract information processors, software groups, Internet operators, microchip designers and other high-technology groups.

Putrajaya would be the world's first "intelligent city", in which paperwork would be replaced by integrated information systems, which might also allow citizens to vote electronically in referendums. On-line networks at the airport would continuously monitor passenger and cargo movements.

It is the bold vision of both Tengku Mohammad, director-general of the Malaysian Institute of Micro-electronic Systems, part of the science and technology ministry, and prime minister Dr Mahathir Mohamed, who has been promoting the corridor, addressing Japanese and US business leaders. Next month, the prime minister will host an exposition in Kuala Lumpur, at which he hopes to win investment pledges from the estimated 25,000 participants.

That is only the start. Tengku Mohammad also sees the super corridor becoming home to a thriving community of information industries.

Dr Mahathir was won over to the idea - he is closely associated with the country's biggest prestige projects - two years ago by Mr Kanichi Ohmura, Japan's leading business guru and former head of the Tokyo office of McKinsey, the international management consultancy.

At the suggestion of Mr Ohmura, McKinsey was asked to produce a feasibility report on the super corridor. Tengku Mohammad says that after reading it, the prime minister concluded: "It's do-able, very do-able." Since then, things have moved ahead fast. A company has been set up to promote and market the super corridor, while NTT, Japan's dominant domestic telecommunications company, is carrying out a study on the technical specifications.

"We have approached this from the point of view of being world class," Tengku Mohammad says. "There is no way Malaysian companies can attain world class in a short time, so we are inviting foreign companies (to the exposition)." He says a number of international information luminaries have been invited to join a consultative board and to back the project's development. They include Mr Bill Gates of Microsoft, Mr Larry Ellison of Oracle and Mr James Clarke of Netscape.

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Mahathir: won over

How far they are ready to become involved is still unclear. Microsoft says its Malaysian subsidiary is "very supportive" of the government's efforts and is setting up its south-east Asian regional headquarters in the country.

It is also providing technology and software to training institutes and schools. However, the company says it is not "directly making R&D-type investments in Malaysia."

One question yet to be resolved is how well free-spirited western information industries would fit in a country which bans pornography, censors expletives on television and is notoriously sensitive to foreign press criticisms of its leaders.

# Singapore cracks down on Internet

By James Kyngie in Kuala Lumpur

Singapore yesterday announced new measures to regulate the kind of material its citizens may view on the Internet. It said the new rules were aimed at protecting the national interest and shielding children from objectionable material.

The Singapore Broadcasting Authority said the measures - to take effect next Monday - required Internet operators, from main providers to cybercafes, to register with the SBA, a government body.

In addition, any organisation injecting locally produced religious or political material on the Internet's World Wide Web pages will need an SBA registration.

Once registered, Internet providers will be responsible for policing pages to ensure that objectionable material does not appear. SBA officials said the definition of "objectionable" included content "which tends to bring the government into hatred or contempt, or which excites disaffection against the government".

If such material is spotted, operators may be asked to block access to the web site where it appears. Failure to comply with the new regulations could elicit a fine or the cancellation of an operating licence.

SBA officials said the new measures did not mean that criticism of the government was banned but added that people should be "responsible". They did not define what type of criticism was responsible and what was not.

Singapore is due to hold national elections on an unspecified date after mid-August this year. Mr Goh Chok Tong, the prime minister, has said that he wants the ruling People's Action party to win with more than 60 per cent of the vote.

The city state has had a complicated relationship with the Internet. On the one hand, it recognises the Internet as indispensable to its drive to become a regional hub for information technology.

On the other, it is concerned that the net may be a conduit for alien influences which may corrupt Singapore's value system of personal decorum and respect for the family and state.

About 100,000 of Singapore's 3m people use the Internet.

# Sumitomo losses reach Tokyo's corridors of power

By Emiko Terazono in Tokyo

The consequences of Sumitomo Corporation's huge copper losses are beginning to echo uncomfortably in the corridors of Japan's Ministry of International Trade and Industry, which has spent the last few weeks trying to distance itself from the affair.

On the day Sumitomo announced losses of \$1.5bn, Mr Shunpei Tsukahara, the MITI minister, denied all knowledge of troubles in the copper market and of the particular problems at the trading house. "I found out about it only this morning," said Mr Tsukahara, whose ministry oversees the commodities market and the trade.

But the question of how much MITI and its minister knew about the Sumitomo case remains central to an understanding of its implications. Senior officials at the ministry now say they were told of the losses a few days before the Sumitomo announcement, but suggest the message was not relayed to the minister himself.

"MITI's reaction to the whole thing has been very strange," says a bureaucrat from another ministry. The government reluctance to get involved has prompted questions in the Japanese media about the influence of trading houses and the impact of *amakudari*, government officials taking jobs in the private sector. Sumitomo has two former diplomats as advisers on its payroll, while a former prosecutor is one of four internal auditors. Tokyo prosecutors have said they will examine the case and the role of Mr Tsuneo Hasegawa, blamed by Sumitomo for the losses, but it expected that an investigation will not be formally launched until late this year.

The claimed lack of a MITI role in the copper case contrasts sharply with its image as the central agency in developing the country's industrial policy and its ongoing role in resources. The natural resources and energy agency under MITI's wing has often been in close contact with trading houses officials over plans for the trading of metals futures contracts in Japan.

Separately, a metal research institute affiliated to the ministry has kept a close eye on the London Metal Exchange, which was seen as a competitor when MITI was developing plans a decade ago to establish a metals exchange. While copper future trading is not likely in Tokyo soon, the trading of aluminium futures begins on a trial basis next April.

In numerous briefings and memos by ministry officials following Sumitomo's announcement, Mr Tsukahara has been told that the company had not broken domestic laws and that MITI does not have a further regulatory role in this case. He has diligently repeated these words and said the ministry must wait for the results of Sumitomo's internal probe; some Sumitomo staff have indicated the case is so complex that a conclusion will take "several years".

"Sumitomo has been in close contact with authorities in the UK and US over the matter and notified us in the last minutes as a part of protocol," a MITI official explained.

A Japanese business magazine suggested that MITI's reluctance to get involved stemmed from its decreasing authority. The ministry has been plagued by highly publicised factional disputes and is in danger of a descent into oblivion, it said.

Some financial bureaucrats suggest MITI is trying to avoid the fate of the Finance Ministry in its handling of the Daiwa Bank debacle last year. The incident, where Daiwa was expelled from the US after revelations of fraudulent deals by a bond trader, highlighted the Finance Ministry's close ties with the banks and an accompanying lack of public disclosure. The incident led to domestic and international criticism and eventually prompted calls by Japanese politicians to break up the once omnipotent ministry.

Copper traders had hoped that last month's visit by US and UK authorities would give the Japanese government the cue to start its own investigation. However, MITI and Sumitomo only reiterated their willingness to co-operate with the UK Securities Investment Board, Serious Fraud Office and the US Commodity Futures Trading Commission, without making public revelations.

# Indonesia's Suharto: a hard act to follow

Posing with his family for photographers during his medical check-up at a clinic in Germany this week, Indonesia's 75-year-old President Suharto appeared anything but ill. Smiling and chatting with his grandchildren and daughters, he made market nervousness about his health look premature.

But Mr Suharto's return home tomorrow and assurances that he can still play nine holes of golf with a handicap of 12 are unlikely to temper speculation about who is to succeed him. Since independence, Indonesia has had only one change-over of president and it was bloody and chaotic. And now "people are suddenly realising (Suharto) is old," says a western diplomat in Jakarta.

The death of his wife earlier this year was a reminder of Mr Suharto's own mortality and questions about the succession have centred on whether he will run for a seventh five-year term in 1998.

The former military commander has played a pivotal role in modernising Indonesia's economy. He brought the country from the edge of bankruptcy in the mid-1980s to the verge of middle-income status.

Most observers agree that Mr Suharto's successor will have to be a Moslem and acceptable to the military. The military, while having no constitutional role in politics, has long been a significant force under its self-proclaimed *dwifungsi* role - the dual functions of guaranteeing social order and security. As a national symbol, the president must also represent the country's Moslem majority.

Mr Suharto is widely credited with creating a sense of nationhood in a country with hundreds of ethnicities and languages. The process has at times been brutal; suspected communists have been persecuted, rebellions in outlying islands have been crushed in bloody conflicts, and generals

Assurances that he is healthy have not ended speculation, writes Manuela Saragosa

and politicians who have dared oppose Mr Suharto have been sidelined.

The list of potential successors includes the president's eldest daughter Ms Siti Hardjanti Rukmana, 47, who is chairwoman of the ruling Golkar party's central board, and his son-in-law, Brigadier General Prabowo, in his early 40s but already a rising star.

General Prabowo's rapid progression in the military to head of the elite army unit Kopassus is viewed as a sign Mr Suharto may be grooming him for the top post, or the vice presidency.

However, some observers say a successor related to the president could smack of a dynasty at a time when there has been growing resentment at the expansion of the presidential family members' business activities.

Those outside the presidential family whose names are

often mentioned are Mr B.J. Habibie, the minister for research and technology, Mr Ghanjar Kartasasmita, chairman of the development planning board, Mr Moerdiono, state secretary, and Lieutenant General Wiranto, commander of the army's strategic reserve command.

However, Mr Habibie has clashed with the military over the purchase of warships, and Mr Moerdiono and Mr Ghanjar, both ambitious senior officials, have their power bases in the bureaucracy rather than the military. General Wiranto, a former personal aide to the president, is regarded as a possible candidate partly because Mr Suharto held the position himself before he seized power in 1965.

At that time, however, no one would have placed any bets on Mr Suharto. An obscure, apparently apolitical major general at the time, he

ousted and replaced Indonesia's charismatic founding President Sukarno in the aftermath of an aborted coup blamed on the communists.

Mr Suharto's style of leadership contrasts with his predecessor's. Mr Sukarno gave flamboyant speeches, telling the west to "go to hell" with their aid. Mr Suharto often sounds wooden and devoid of emotion and rarely strays from his script. While Mr Sukarno preferred the pomp and luxury of the presidential palace, Mr Suharto chooses to live in his residence in a Jakarta suburb.

Diplomats say this apparent simplicity masks a shrewd, ruthless mind. Mr Suharto himself gives few clues. The most important thing for me is to complete my term until 1998," he said two months ago in his most recent allusion to the succession. "But you should know that I'll be 77 then and that is old."

Under the constitution, the vice president is required to take over if the president dies in office. Former army commander Try Sutrisno, the current vice president, is widely regarded as an ineffective figure in Indonesian politics.

A successor will have to be voted in by the 1,000-member People's Consultative Assembly (the MPR), Indonesia's highest political body under the constitution. The MPR has some elected representatives but most are appointed by Mr Suharto.

There is always the possibility that Mr Suharto may choose to continue ruling from behind the scenes. Whether he does so or not, there is little doubt that the successor will have to guarantee the security of Mr Suharto's children and their business ventures, which range from satellite telecommunications to petrochemicals. However, a chosen successor

may also have his or her own interests to protect.

"At some point there is a clash between sound economic policies and policies which benefit special interest groups," says one observer. "Suharto has balanced these but when he goes which will prevail?"



Suharto: nine holes of golf

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## ASIA-PACIFIC NEWS DIGEST

### US takes hard line over Burma

The US will consult south-east Asian friends and allies on how to curb a "new tide of repression" in Burma, including a possible international economic boycott, secretary of state Warren Christopher said yesterday. But Mr Christopher, who is to meet foreign ministers from the seven-nation Association of South-east Asian Nations (Asean) in Jakarta from July 23 to 25, said he did not expect an early consensus on any proposed boycott to nudge Burma's ruling military junta towards democratic reform.

Meanwhile, Norway yesterday said it had evidence its honorary consul in Burma was tortured before he died in a Rangoon prison last month. Norwegian Deputy Foreign Minister Jan Egeland said Oslo held the Burmese military government responsible for the death of honorary consul Leo Nichols, a 65-year-old diabetic with a heart condition, after he was convicted of operating home telephones and fax machines without permission. Nichols, an unaccredited representative for Denmark, Norway, Finland and Switzerland, was sentenced to a three-year prison term in May. *Reuters, Washington*

### Beijing rebuffs Taiwan offer

China rebuffed a fresh call yesterday by Taiwan's president Lee Teng-hui for a summit meeting with Mr Jiang Zemin, his Chinese counterpart. During an address to Taiwan's National Assembly, Mr Lee renewed his offer of a leaders' meeting in an effort to break a year-long freeze in relations.

"To start a new era in... co-operation across the Taiwan strait and ensure the stability and prosperity in the Asia Pacific region, Teng-hui would like to meet communist China's highest leader to exchange opinions," he said. Mr Lee had said at his inauguration address on May 20 that he was willing to hold such a meeting, but he asserted the island would pursue an international role, an ambition Beijing rejects. Mr Cui Tiankai, China's foreign ministry spokesman, spurned Mr Lee's offer: "The most urgent thing is for Taiwan leaders not to engage in verbal publicity but to take concrete action to return to the principle of one China." *Laura Tyson, Taipei*

### China sees disruption over HK

China yesterday accused the Hong Kong government of disrupting progress towards the transfer of sovereignty from Britain on July 1 next year, charging it with blackmail over a dispute concerning the scope and definition of laws covering subversion and treason. A spokesman for the Hong Kong and Macao Affairs Office said that Britain and Hong Kong were taking an "irresponsible" stance and demanded co-operation to achieve a smooth handover.

The statement follows comments last week in which Mr Peter Lai, Hong Kong's security secretary, said the Hong Kong government was working on its own concepts of treason and subversion to bring the territory's official secrets act and crimes ordinance in line with the Basic Law - Hong Kong's post-handover constitution. Chinese officials said such issues were within its sovereign rights. *John Ridding, Hong Kong*

### Arrest warrant for Murdoch

An Indian court has issued an arrest warrant for media chief Mr Rupert Murdoch, who has refused to appear at a defamation case filed by a descendant of Mahatma Gandhi, the nation's spiritual father. Lawyers said the warrant could not be served while Mr Murdoch was out of India. Last year, police returned a similar arrest warrant to court after failing to reach him. Mr Tushar Gandhi sued Mr Murdoch last year, saying his great grandfather was defamed by a guest on a Star TV chat show. Murdoch's News Corporation owns Star TV. Star TV apologised and took the show off the air, but Mr Gandhi says he will pursue the case. *Reuters, Bombay*

### Mongolia's first private bank fails

Mongolia's first private commercial bank has collapsed under a burden of bad debt and poor management, agencies report. The Mongol Bank, or central bank, revoked on June 5 the licence of the Central Asia Bank (CAB), established in 1992 as Mongolia's first fully private commercial bank, for failing to meet interest payments on deposits, central bank official Ms Enkhjargal said.

"The reason for the insolvency was connected to bad management and poor loan collection... the mismanagement of assets and liabilities and the poor quality of loans," Ms Enkhjargal said.

The collapse underscores a banking crisis as the north Asian nation struggles to adjust to a market economy, officials said.

The CAB had been under central bank supervision after inspections revealed administrative problems and corruption. Ms Enkhjargal said: "We discovered during on-site inspections some problems such as bad management, bad loans and insider loans," she said.

To try to force Mongolia's fledgling private bank back into line, the central bank halted loans to the CAB, refused to issue new branch licences and fined its management, she said.

She declined to reveal the bank's assets and liabilities, saying the central bank had yet to complete its audit. It was unclear if depositors would recover their savings, she said, adding that she expected the courts to rule soon on whether the bank would be sold off or declared bankrupt.

Other bankers said the collapse of the CAB was a dramatic portent of a wider financial crisis facing the nation of 2.5m people as it struggles to swap seven decades of Stalinist central planning for market forces.

Mongolia's opposition Democratic Union Coalition swept home to a landslide victory general elections earlier this month, routing the former communists, who held power for 75 years and whose economic reforms were finally beginning to bear fruit.

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# Lloyd's reaches deal to end US action

By Ralph Atkins, Insurance Correspondent

Lloyd's of London yesterday all but removed the biggest obstacle facing its recovery plan by striking an outline deal to end legal action brought by US state securities regulators.

The agreement requires Lloyd's to find up to \$40m (£32m) extra to help US Names - a fifth of the sum it is seeking to collect from them to cover underwriting obligations. In return, the regulators would not take any action to derail implementation of the insurance market's recovery plan this summer.

However, the US concessions will fuel demands from hard-line Names in the UK for extra help and are unlikely to prevent some of the most angry US Names continuing legal action.

The US deal improves further the chances of Lloyd's marking a dramatic comeback,

## Influential Names group decides to back recovery plan

Leaders of a group representing nearly a quarter of litigating Lloyd's of London Names yesterday swung behind the insurance market's recovery plan, providing another boost to its chances of success, Ralph Atkins writes.

Mr Michael Deeny, the chairman of the 3,093-strong Gooda Walker action group, said the deal represented "a very considerable victory" for his members who had been victims of appalling negligence.

Group members expect to receive £224m (£813m) for losses on Gooda Walker action group syndicates - 97 per cent of

total losses - and more than a £1bn, or 74 per cent, in respect of losses incurred across all Lloyd's syndicates. Names are individuals whose assets have traditionally supported the insurance market.

The action group's backing came as Lloyd's prepared to unveil figures today showing the market, after losses of more than £26m, had homed back with a profit of more than £1bn in 1995. Lloyd's reports three years in arrears.

On Monday, Lloyd's hopes at its annual meeting in London to win strong support for measures to finance the recovery plan.

The action group's recommendation is important because it represents some of the biggest losers from whom Lloyd's needs to collect outstanding debts and persuade to drop litigation.

Lloyd's last settlement offer, worth \$900m, failed largely because it was rejected by Gooda Walker Names.

"We are actually being offered more than we can be confident of recovering through the courts," Mr Deeny said.

The Gooda Walker group will meet on July 30 to seek members' approval for settling their litigation.

after losses of more than £2bn in recent years, by winning sufficient support for the recovery plan by the August 28 deadline.

The plan includes a £3.1bn out-of-court settlement for loss-making and litigating Names, individuals whose assets have traditionally supported

Lloyd's. The £3.1bn will help offset the cost of drawing a line under Names' affairs at Lloyd's. In return Names would have to drop litigating rights.

The US deal is a particular relief for Lloyd's because the state regulators could have prevented Names from taking

part in the recovery plan, vital to securing the market's future. The regulators also could have scuppered the plan completely by freezing assets held by Lloyd's in the US to support local underwriting.

Mr David Rowland, Lloyd's chairman, said the deal "removes the final significant

obstacle to the resolution of our past problems".

The agreement was reached with a negotiating committee set up by the North American Securities Administrators Association (NASAA) after a series of allegations that Lloyd's was mis-selling investment in the market.

## Employers fear big extension of social legislation

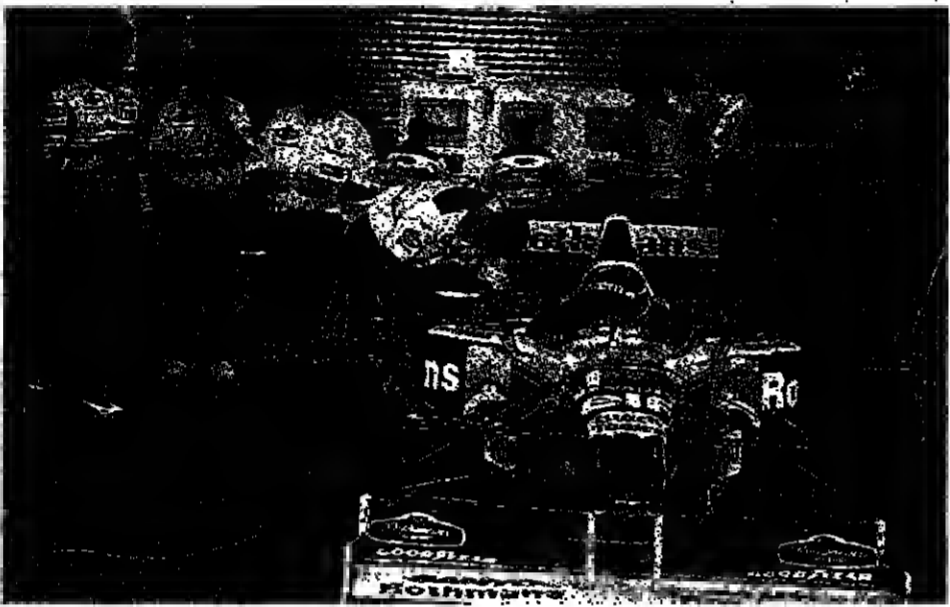
by the court's advocate-general, who said he believed the EU needed only a qualified majority vote of member states to pass measures that involved "improvements" in the "working environment". His judgment said: "This must be construed in broad terms as including any factor affecting the worker in his work."

The ruling will be over the UK government's legal challenge to the EU working time directive on hours, holidays, rest breaks and nightwork.

Employers' concern emerged yesterday when Mr Zygmunt Tyszkiewicz - president of Unice, the European employer organisation - said in Dublin that he feared the forthcoming court judgment could pave the way for a radical increase in social legislation for employees and trade unions.

The judgment - now expected in September - will decide if the directive is lawful. Under EU law a unanimous vote of member states is required for the introduction of any social measures unless they concern health and safety issues, when a qualified majority is needed.

The UK said that laws on working time are not covered by health and safety criteria. But employers fear the court may back last March's verdict



Steering group: leading UK driver Damon Hill (extreme left) with the Williams team at Silverstone

## Racing circuit aims for expansion

By John Griffiths in London

Silverstone, the circuit that has been synonymous with British motor racing for decades, could reinforce its claim to be the centre of the £1.3bn (£2bn) racing industry if an ambitious expansion plan goes ahead.

The British Racing Drivers Club, the owner of the site, wants to create a "technology village" for both the UK's world-beating motor sport industry and mainstream car-makers.

Silverstone Circuits, the company which operates the existing 800-acre Northamptonshire complex as a wholly owned subsidiary of the BRDC, has applied to local authorities in Northamptonshire and Buckinghamshire for permission to extend existing industrial units into a 50-acre technology park.

While the planning process is expected to take several months, the authorities are supporting the venture in principle - mainly based on its potential to create hundreds of jobs, with their multiplier effect in the surrounding economy. Silverstone already employs 400 people.

Silverstone Circuits has also begun negotiations to buy a 400-acre site, adjoining the circuit, which contains two golf courses and on which there is existing planning permission for a 190-bedroom hotel.

The main Silverstone complex is already the subject of a £15m investment programme that in the past two years has seen the introduction of a conference hall and indoor and outdoor exhibition facilities, as well as the upgrading of spectator facilities.

By the end of the year, Silverstone Circuits intends to have the framework for a 1,200-acre complex, drawing

together many of the small companies that have turned UK motor sport into what Mr Tim Eggar, the industry minister, described in the run-up to Sunday's Silverstone Grand Prix, as a £1.3bn "flagship" British industry employing 50,000.

As part of its campaign to improve UK business competitiveness, the Department of Trade and Industry is looking "urgently" at initiatives to spread the motor sport industry's culture more widely - "to make winners out of more and more British firms in industry at large", according to Mr Eggar. The technology centre

may take longer to establish than in normal commercial conditions because the BRDC's constitution debar borrowing, and construction must be financed out of income. However, that has not prevented a total of £28m being spent or invested locally in the past decade, from receipts totalling £104m.

Last year the club turned over £18.7m and declared a pre-tax profit of £1.29m - derived mostly from the Grand Prix and from the 40,000 or more people who attended Silverstone's various motor racing, rallying and young drivers' courses last year.

# Lower housing costs force inflation lower

By Graham Bowley and Gillian Tett

Treasury officials have warned Mr Kenneth Clarke, the UK chancellor, that the government's spending targets for next year need to be cut significantly simply to take account of the improved outlook for inflation since last November's Budget, Robert Chote writes. In Tuesday's summer economic forecast Mr Clarke left unchanged his forecast for the government's target measure of inflation but revised down the "GDP deflator", the broadest measure

of inflationary pressure. The GDP deflator for 1996-96 has turned out at 2.5 per cent, rather than the 2.75 per cent expected last November. This means that cash plans for government spending outlined last November now concede a bigger increase in real resources to government departments than the Treasury had intended. Current plans now imply a 1.1 per cent rise in real core spending next year, rather than the 0.6 per cent implied in the Budget.

At present average earnings are growing at an annual rate of 3.75 per cent, suggesting annual real post-tax earnings growth of about 3.15 per cent. More disappointing for the government was the rate of underlying inflation, the government's favoured measure which excludes mortgage interest payments. This was unchanged at 2.5 per cent. The government's target is to bring inflation to 2.5 per cent or below over the next two years.

The Treasury said it remained convinced that inflation would not rise even if consumer spending surges next year. Meanwhile, government hopes that it will fight the next general election on the back of a healthy annual rate of 4.25 per cent by next year.

The figures provide some of the strongest support to date for the upbeat forecasts for consumer spending unveiled by Mr Kenneth Clarke, the chancellor of the exchequer, this week. He believes that tax cuts, lower interest rates and rising personal incomes mean that spending will be growing at a healthy annual rate of 4.25 per cent by next year.

# Pound's recovery prompts puzzlement

Popularity of Labour party is one explanation for currency's rise to 16-month high

The adjective least likely to have been associated with the British pound in recent times is "mighty". But over the past few months, the phrase "mighty pound" has been heard again on exchanges in the City of London as the currency begins to stage a modest comeback.

Its surprise revival - it has risen more than 5 per cent against a basket of other currencies in just seven months to a 16-month high - has provoked debate among currency analysts on possible explanations. Economists, too, are puzzling over the likely impact of the currency's appreciation on the UK economy.

Its rise has already had an effect. This week, official figures showed that manufacturers enjoyed the biggest fall in input costs for more than five years - thanks in large part to the strong pound, which cut the cost of imported raw materials. And Mr Kenneth Clarke, the chancellor of the exchequer, lowered interest rates last month - ostensibly to offset the rise of sterling and its impact on manufacturing exports.

The "Blair Factor" - the rising popularity of Mr Tony Blair, the Labour party leader, among international investors - is among the favoured explanations for the sudden resurgence, along with European monetary union and inflation's persistence in remaining low in spite of reasonably strong economic growth.

Mr Kit Juckes, currency strategist at NatWest Markets, charts the start of the pound's rise from mid-April, the date Mr Blair flew to New York to meet Wall Street investors and businessmen. That was the date, says Mr Juckes, when international investors began to be persuaded that Labour

could be trusted with the stewardship of the economy. Up to that point, sterling had failed to join in a European rally that had seen several European currencies, including the Italian lira and the Spanish peseta, rally strongly against the D-Mark as the German authorities attempted to reflate their flagging economy by guiding the currency lower.

Investors were reluctant to invest in a currency which seemed to carry a large political risk. They suspected that the Conservative party might take unwarranted risks with the

economy in order to boost popularity before the next UK general election which has to be called by May next year. They also feared the prospect of a Labour government, which they associated with the inflation and overspending of the 1970s.

These fears and suspicions helped drag sterling to record lows in November. By that time, it had lost almost a fifth of its value since 1990.

In April, the mood changed. According to Mr Steve Hannah, head of research at IBI International, the Japanese bank, investors were reassured that a Conservative party election "scorched earth" policy was unlikely. Inflation looked set to remain low and problems with the trade gap failed to materialise. Meanwhile, Mr Clarke repeatedly talked down the chances of a pre-election tax giveaway.

More importantly, investors began to believe that not only was a Labour victory increasingly likely, but that Labour economic policies would be very similar to the present government's.

"International investors began to be persuaded that New Labour is nothing to

feared," said Mr George Magnus, chief international economist at UBS, the Swiss Bank.

The pound also benefited from the feeling that a Labour government was more likely than the Tory party to take sterling into Euro - and so would benefit from the anti-inflationary rigour of the proposed European central bank.

However, not everyone in the City of London is convinced about Labour's stance on the single currency. The majority of people in the market would say Labour is as split as the Tories on Euro, said Mr Hannah.

Cynics think that the rally will continue - but only as long as the German Bundesbank chooses to keep the D-Mark weak and the dollar - which has also been strong of late - holds up.

The government might also be called on to curtail the pound's rise if any further appreciation begins to make UK exports uncompetitive.

"This is a level exporters can feel comfortable with, but beyond that we might be running risks on the exporting side," said Mr Hannah.



They suspected that the Conservative party might take unwarranted risks with the economy in order to boost popularity before the next UK general election which has to be called by May next year. They also feared the prospect of a Labour government, which they associated with the inflation and overspending of the 1970s.

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"International investors began to be persuaded that New Labour is nothing to

## UK NEWS DIGEST

# Pilots' strike threat averted

The threat of an indefinite strike from next Tuesday by British Airways pilots and flight engineers was averted last night when agreement was reached on a new pay proposal.

Mr Chris Darke, the general secretary of BAps, the pilots' union, said the agreement was a "tremendous result" for staff. Its final details were hammered out with Mr Bob Ayling, British Airways chief executive, after three days of intensive talks. "These have been tough, difficult negotiations but we have secured most of what our members wanted when we polled them earlier in the year," Mr Darke added. "We are absolutely delighted."

He said the agreement had been achieved because of the "solid determination and support" the union had received from BA staff around the world. "It has taken a great deal of effort but we made it. Planes will fly next week," he added.

BA had threatened last week to hire new pilots to break the strike if it had begun. It claimed to have more than 3,000 applicants on its books.

Mr Ayling had warned that a stoppage would have meant cancelling aircraft purchases and a freeze on staff recruitment. Meanwhile, leaders of the Communication Workers union announced four further national stoppages by postal workers yesterday after negotiations with Britain's Royal Mail on pay and changing work practices collapsed. The union said the action could cost the Royal Mail up to £5m (£7.8m) for each day.

Robert Taylor, London

## POLITICIANS' PAY

### MPs give themselves £9,000 rise

British MPs have awarded themselves a controversial pay rise of 26 per cent in a move which is certain to fuel intense anger among the UK's public sector workers. In spite of calls for pay restraint from Mr John Major, the prime minister, and Mr Tony Blair, the Labour leader, the House of Commons voted by an overwhelming majority on Wednesday night to accept a proposal that MPs should get an increase of nearly £9,000 (£14,000) a year.

Amid chaotic scenes in the Commons chamber, MPs voted by 279 votes to 154 to accept a proposal that their salaries should instantly rise from £34,085 to £43,000. Earlier they had rejected by 317 votes to 169 a government proposal that they should receive a salary increase of 8 per cent, in line with inflation. The size of the vote against the government was an embarrassment to the prime minister.

The votes are certain to make it more difficult for the government to impose a pay squeeze on public sector workers later this year.

James Blitz, Westminster

## MOBILE PHONES

### Orange campaigns against rivals

Orange, the mobile phone operator, is mounting a big advertising campaign about standards in the UK mobile phone industry which is aimed directly at its rivals - including Vodafone - over which it won a High Court victory on Monday.

Orange intends to publish a series of advertisements drawing attention to its legal success and aspects of the business that it thinks should be changed. The initial campaign will cost £1m (£1.55m); the total could amount to £4m.

Mr Hans Snook, Orange group managing director, said the industry indulged in practices, including concealing costs, that confused customers and "had to stop". Vodafone unsuccessfully sued Orange for malicious falsehood and trademark infringement after Orange advertisements suggested that Orange users save £20 a month.

## BROADCASTING

### BSkyB to launch pay-per-view

British Sky Broadcasting, the satellite television service, plans to launch a pay-per-view feature film service this autumn.

BSkyB has been having talks on the issue with the main Hollywood studios. The aim would be to show three different movies a night on three existing satellite channels. The pay-per-view service would, for a fee, show films earlier than on the existing BSkyB film channels, for which viewers pay a monthly subscription.

A launch of pay-per-view this autumn would serve as a test run for plans to launch digital satellite television late next year, complete with more than 200 television channels.

## INVESTMENT

### Moves into India sought

The UK government was yesterday urged to adopt a range of measures to encourage British investment in India, including pressing for a liberalisation of the Indian stock and insurance industries. The Commons trade and industry committee, in its report "Trade with India", also called on the government to make trade promotions more effective, and to promote a positive image of UK technology. The report says India's economy has changed significantly in the 1990s and that between 1992 and 1995 UK exports grew by almost 80 per cent. The UK has also been the third largest source of new investment in India in the past four years.

## POLITICS

### Pro-Europe approach urged

Two former foreign secretaries in Britain's ruling Conservative government yesterday united to urge the government to adopt a more pro-European approach to its campaigning. Speaking at the annual meeting of the Conservative Group for Europe, Mr Douglas Hurd urged his pro-European colleagues to become a "church militant".

"We have to be ready to defend Britain's place in Europe against those who, wittingly or unwittingly, undermine it," he said. Lord Howe, at the same meeting, said the Conservative party "cannot be, and never will be, electorally successful as a Eurosceptic party". Mr Hurd also made a strong attack on those Tories, led by Mr Michael Howard, the home secretary, who have been arguing that the government should reassert the primacy of UK law over European law, to lessen the power of the European Court of Justice.

## INDUSTRIAL OUTPUT

### Scottish electronics show growth

Electronics is the dominant sector in Scotland's manufacturing industry. Output grew by 80 per cent in 1994, according to Scottish Office figures. Much of the industry's output is accounted for by about 20 big plants owned by US and Japanese multinationals. International Business Machines and Compaq, of the US, have plants assembling personal computers. Motorola, with two microchip plants and one factory making mobile telephones, is Scotland's largest industrial employer. Big Japanese companies include NEC, JVC and Mitsubishi. In spite of the industry's growth, the number of people employed marginally above that for 1994. Only 38 per cent of the electronics workforce is employed in UK-owned plants, which tend to be smaller.

NOTICE OF SPECIAL REDEMPTION

To the Holders of:

- Stitching Restructured Obligations Backed by Senior Assets 2 (ROSA 2) and Restructured Obligations Backed by Senior Assets 2 (ROSA 2) S.V.
- Secured Senior Floating Rate Notes due January 15, 2002 (the "Notes")
- Common Code 005570061 and 10 Number 3203570061

Pursuant to Section 9.03 of the Indenture dated as of January 10, 1992 (the "Indenture"), pursuant to which the above-referenced Notes were issued, notice is hereby given that on the July 15, 1996 Quarterly Payment Date (such date is herein referred to as the "Special Redemption Date") the Notes, in whole or in part, are subject to special redemption (the "Special Redemption") pursuant to Section 9.01(b) of the Indenture in order to effect principal payments thereon. Accordingly, on the Special Redemption Date, the Notes will be redeemed at an aggregate Redemption Price equal to 100% of Senior Note principal amount available for such Quarterly Payment Date, the pro-rata share of the Special Redemption for the EuroNotes will be \$75,500,000, plus the accrued interest thereon at the Senior Note Interest Rate through the day preceding the Special Redemption (the "Redemption Price").

In accordance with the Indenture, payment of the Redemption Price shall be made against presentation and surrender of your EuroNotes (together with the Coupons attached thereto) at your EuroNotes called for the Redemption Price will cease to accrue after the Redemption Date. Presentation of EuroNotes should be made at the office of State Street Bank Luxembourg, S.A. at the following address:

State Street Bank Luxembourg, S.A.  
47, Boulevard Royal  
L-2449 Luxembourg

The following EuroNotes have been selected by the Trustee in accordance with the provisions of Section 9.01(f) of the Indenture for the Special Redemption. (In accordance with the indenture, principal payments on the EuroNotes to be redeemed shall be in integral multiples of \$500,000.)

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State Street Bank and Trust Company, as Trustee

July 12, 1996

Beau Richard Fairman

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ARTS GUIDE

AMSTERDAM

PARCELONA

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ARTS

# Beauty and the beast

Richard Fairman catches up on the Verdi Festival at Covent Garden

The last events of this year's Verdi Festival at the Royal Opera are now underway, so a progress report may be in order. It has been a mixed year: the only real success was the French *Don Carlos*, starred with opera-houses in France and Belgium, which threw a new and valuable light on one of Verdi's most important works – the sort of exercise a festival like this is all about.

The rest of the programme has been a series of greater or lesser disappointments. The one new home-grown staging was *Giovanna d'Arco*, which divided opinion without assisting much in the way of either controversy or excitement. What should have been a welcome rare production of *Il Corsaro* fell victim to budgetary belt-tightening, turning into concert performances of decidedly slim musical interest. That left a single concert performance of the still rarer *Alzira* and a revival of *La traviata* this week to make up lost ground.

Verdi was a better judge of his work than most composers and in later years he described *Alzira* as

"proprio brutta" (downright ugly). These days we are so keen to search out any hidden moments of beauty in his output that even *Alzira* gets a hearing, but overall there seems little reason to disagree with his low opinion of it. Perhaps "ugly" is not quite the word. The problem with *Alzira* is more that Verdi is going through the motions without revealing any specific interest in either the plot or the characters.

As so often in his early operas, the background to the story involves an oppressed people, enabling Verdi to write the fiery music that roused the spirit of his patriotic audience in the 1840s. Mark Elder and the Orchestra of the Age of Enlightenment made a splendid job of it, getting the sparks to fly without merely driving the music hard. Their partnership was the success of last year's festival and it is good to see the Royal Opera learning from that and drawing them further into the festival's plans.

They have brought Verdi on original instruments into the Royal Opera House, but we do not yet have original voices (a more prob-

lematical concept). The cast for *Alzira* was hearty and only intermittently stylish. Alexandru Agache, who sang Gusmano, has a huge baritone and impressive breath control, but does not use them to go the next step and create expressively-shaped vocal lines.

**K**eth Ikala-Purdy had the best aria as the tenor Zamoro and sang it with straightforward confidence. As Alzira, Veronica Villarroel was more complex, a sentient stylist in a rather arty way, whose soprano cut through the air with a powerful edge. Her curtain-call was a little operatic *scena* all on its own.

The revival of *La traviata* is coming round double cast. While the opera world's lovebirds – Angela Gheorghiu and Roberto Alagna – are singing four performances, the Royal Opera is interweaving a further four performances with an equally youthful second eleven. Elena Kelessidi is a Violetta of modest vocal means. Her soprano is shallow and quavery with a fast

vibrato, barely strong enough one might think to carry, but she makes the very most of what she has. By the end she has become extremely touching, not least because she sings as though her heart is in every line.

Vincenzo La Scala's Alfredo is her opposite number in every sense, strong on vocal projection, but lacking romantic appeal. Dmitry Hvorostovsky, playing the youngest old Germont père one is likely to see, sang with his customary beauty of tone and long, arching lines, although his mellowness never sounds very Italianate. Simone Young dispatches the opera with little comment in the pit.

Next year's Verdi festival looks as though it may manage to cobble together a decent programme despite the Royal Opera's financial problems, but what of the next two years, when the house is closed? This is too important a project to be left to flounder in the interim.

*Alzira* will be broadcast on BBC Radio 3 on July 16; further performances of *La traviata* until July 19.



Elena Kelessidi as Violetta in the latest 'Traviata' revival

## Cheltenham New music without tears

This year's Cheltenham International Festival of Music got underway at the weekend. When, exactly, did it become "International"? I cannot remember, but the composer Michael Berkeley's new regime (he became its artistic director last year) gives the adjective full value. In the current season Russians are favoured, both performers and composers – some of them fascinating rediscoveries from the early part of this century, along with their living compatriots.

And there are 26 premieres! From his arrival Berkeley insisted that every programme should include something by a living composer, which has revived the old festival's ambitions to robust effect. The modern works are cannily placed in the most hospitable musical surroundings; nobody is frightened, and often they are delighted.

But presenting so many first performances, and not of mere "workshop" pieces – some commissioned by the festival itself, some from elsewhere – does immense credit to Berkeley's evangelistic drive. Cheltenham is becoming for (relatively) "conservative" new music what the Huddersfield Festival is for the (relatively) "radical" stuff. Just the focuses that we and the composers need; long may they thrive.

**O**n Saturday we had the premiere of a concise two-act opera by John Woolrich and Marina Warner, *In the House of Crossed Desires*, jointly commissioned by the festival and Music Theatre Wales, who performed it. Miss Warner tells a teasing tale in the manner of Apuleius's *The Golden Ass* (with a *deus ex machina* cop-out at the end), and entrests it to a kind of feminist *commedia dell'arte* troupe, four women singing six roles of both sexes. Woolrich, whose viola concerto I admired here a year ago, has set it to spare, simple music, with a slender ensemble of piano, clarinet, trombone, bass and percussion.

He has found just the right tone for the piece: newly temperate and winsome, even-tempered with only the slightest hints of malice, and the instrumentation is puritanically plain. Though the music is based on a 12-note row or two, the dissonance-level is low; it even licenses some fulsome duetting in thirds and sixths. On the other hand, the pace is too temperately even by half. The recitatives, which include some of Warner's neatest lines, chug along in their crotchets and quavers to infinity, with minimal gear-changes.

Woolrich's extra stage-business, that did become wearisome and some of the audience fell to studying the programme-book instead. Eventually the net effect was disarming enough, with agreeable performances by all the quartet (especially Debra Stuart and Susan Gorton), and many unemphatic subtleties; but it wanted a real heartbeat and a livelier pulse.

Next morning, the excellent Nash Ensemble concert in the Pittville Pump Room featured a Simon Bainbridge premiere: four Prince Levi poems set for mezzo-soprano Susan Blekley, objective but sympathetic. Though they made rather a slow, gloomy set, the shapely line and the darkly luminous colours Bainbridge drew from clarinet, viola and piano left a strong impression. The pianist Ian Brown also delivered an earlyish Chaconne by Sofia Gubaidulina, which packed a lot of vigorous drama into its brief span.

David Murray

## Dance/Clement Crisp Glacial account of a tragic ballet

**D**espite the changes that have befallen it in 70 years – maybe because of them – the Rambert company remains custodian of a grand creative tradition. The adventurous was – given sixpence in the coffers – its choreographic goal. Even in the darkest days of touring *Coppélia* round sullen provincial theatres, there was always the knowledge that, with a bit of cash encouragement, the company could put on good new work, and also revive pieces from its repertoire that were a reminder of great things that had been done in the past.

I suppose that much of the Rambert ancestral silver is now impossible to put on display, though there are important works by Frank Staff, Andre Howard, Walter Gore, Ashton, that ought to be revived by some company or other as testimony to marvels that were achieved in England in the 1930s and '40s. Antony Tudor's ballets are a special case. *Jardin aux lilas* and *Dark Elegies* are among the strongest genetic strains in the Rambert identity. Other companies dance them – usually on stages too large and with artists too small – but they are quintessential Rambert creations, and it was happy news that the new Rambert Dance was to restore *Elegies* for this Coliseum season.

Alas, the revival is misjudged in every way. I never saw the original and stellar 1937 cast – Maude Lloyd, Peggy van Praagh, Agnes de Mille, Hugh Laing and Tudor. They were dancers of intense physical presence, profound artistry. I knew the next Rambert generation, and their dedication (and an afterglow from the roles' creators) told me much about the style and power of a ballet which deals with the grief of young parents on the death of their children.

Its subject is all too pertinent today, not only because of the Dunblane abomination, but in tragedies from Bosnia to the Congo. It might be remote as the moons of Jupiter to judge by the glacial account given by Rambert on Wednesday night. The Nadia Benois set looked murky. The score sounded lethargic – like the dance, it lacked a sus-

tained pulse – and the baritone soloist (Nathan Berg) was sometimes inaudible. The cast were careful, reverential, dull. The text was no less careful, reverential and dull.

Though some companies have played *Elegies* on large stages, it is most communicative, most heart-searing (and it can touch the heart as few other ballets I know) when focused in a small area. During the last war, Rambert – with some trepidation – performed it in canteens, factories, as well as theatres. Against all expectations the public, who might be thought to be sated with grief, found comfort and a sense of release in the dance. The present cast are not without expressive skill, but they seem unable to let their emotions colour Tudor's very exact language. The choreography is dispersed like smoke in the Coliseum. The ballet is not lived in.

Christopher Bruce's *Rooster* which ended the evening with its Rolling Stones songs and strutting chaps is still wonderfully alive, and danced to the very hilt. It is a huge popular success, deservedly so, and Fabrice Seraffino, whizzing through it like a bolt of lightning, is a marvel. Bruce's new *Quicksilver* began this second programme as a tribute to Marie Rambert and her progeny. It is set to extracts from Michael Nyman's score for the film *The Piano*. This is the most fearful tosh – Stephen Lade, so admirable the night before playing Mozart, deserves danger money for having to soil his fingers with it – and it begets dull action. The choreography is well-intentioned, and every-one dances splendidly. I was bored to sobs by the whole thing, and kept asking myself how anything about Mimi Rambert could be so soppy.

*Quicksilver* is sponsored by Manchester Airport.

### Rambert's revival of Antony Tudor's *'Dark Elegies'* is misjudged



Clichéd love duet: Iain Glen as the false Martin with Juliette Caton as his supposed wife, Bertrande

## A clanger of a doppelgänger

Alastair Macaulay reviews the musical 'Martin Guerre'

**M**uch is dismaying about the modern blockbuster musical, but nothing more so than its cheap reduction of humanity. Whether the musical is in the morbid-grandiose vein favoured by Lloyd Webber or in the cross-idealistic vein of Bonhill & Schönberg, the result is both bludgeoning and trite formulaic, mannered, repetitions. The infinite gradations of the human spirit – once so winningly released and displayed in many musicals from *Shen Bao* to *Gays and Dolls* – become monolithic.

*Martin Guerre*, the latest Bonhill-Schönberg musical being presented in the West End by Cameron Mackintosh, opened last Wednesday, with advance takings at the box office that are rumoured to be around £3m. It is, of course, trash, (nobody can have been expecting a work of art from the stable that

produced *Les Mis* and *Miss Saigon*), but is it, you may ask, enjoyable? One can cherish, after all, such fabulous bits of trash such as *Flash Gordon* or *The Prisoner of Zenda* more than one loves certain indisputably fine works of high art.

But *Martin Guerre* is a bore, and a surprisingly inefficient bore. It fails to tell its story clearly, it has a terrible dearth of single-inducing big numbers, and it abounds in cliché and mannerism.

The mannerism that may well get most on your nerves after an hour or two is metric. Bonhill & Schönberg, using here English lyrics by Edward Hardy, trot out all the early syllables of a phrase with even stresses, often on a monotone or something close, before clouting us with the final syllable or two. The supposed "Martin Guerre" sings, for example, to his uncle, "The-Pro-test-ant. Yes. Of-this-sin-I-am Proud." And the villagers – when the new Martin Guerre returns after seven years away at war – sing: "It's-a-mazing-how-he's Al-Yered".

Then there are the problems that Act One tells its story clumsily, and Act Two makes its points pretentiously ("The-imp-ost-ors-are Here"). Too bad, for *Martin Guerre* touches on the deeply stirring notion of the *doppelgänger* who is (or here becomes) a parer, better self – the romantic notion that is, in fact, so intoxicating in *The Prisoner of Zenda* (and *Tale of Two Cities*).

It is impossible to give a good performance in material like this. The waste of handsome, likeable Iain Glen (playing the false Martin) in this quagmire is the most depressing feature of the show, and it is a nasty shock to see a good actress like Sheila Reid playing one of the three village crosses. As Martin's supposed wife Bertrande,

Juliette Caton sounds constantly plaintive, and frequently sings under the note.

The director, and co-adaptor, is Declan Donnellan. The only features of the production that bear any resemblance to his important work with Cheek by Jowl are the worst ones. There is too much rushing to the front of the stage and gesturing, and much too much choreographed "expressive" ensemble stamping. The way that Bertrande and the fake Martin fall in love, she on the right, he on the left, gradually coming together to meet on the centre-line, is the kind of cliché I never would have imagined seeing in a Donnellan production. Their love duet, "All I Know," is, alas, as dull as anything else. "I Love You So. And-the-love-of-you-is All-Till-De, Er, No."

Prince Edward Theatre, W1.

**INTERNATIONAL ARTS GUIDE**

**AMSTERDAM**  
CONCERT  
Concertgebouw  
Tel: 31-20-5730573  
● Vladimir Spivakov: the violinist performs works by Beethoven, Bartók and Mozart; 8.15pm; Jul 15

**BARCELONA**  
EXHIBITION  
Fundació Antoni Tàpies  
Tel: 34-9-4870315  
● Craigie Horsfield: exhibition of 50 photographs by British artist Horsfield; to Jul 28

**BERLIN**  
EXHIBITION  
Kunstgewerbemuseum - Tiergarten  
Tel: 49-30-2662802  
● Restauriert, konserviert - Neue Arbeiten aus den Werkstätten des Kunstgewerbemuseums: exhibition focusing on works from the museum collection that were recently restored. The display tries to give insight into the process of

restoration and includes furniture, porcelain, textile and goldsmith's art; to Jul 28

**BIRMINGHAM**  
CONCERT  
Symphony Hall  
Tel: 44-121-2002000  
● City of Birmingham Symphony Orchestra: with conductor Sakari Oramo and guitarist Nicola Hill perform works by Ravel, Rodrigo and Berlioz; 7pm; Jul 13

**CHICAGO**  
EXHIBITION  
Art Institute of Chicago  
Tel: 1-312-4433600  
● Alone in a Crowd: Prints by 40 African-American artists of the 1930s-1940s from the collection of Reba and Dave Williams, exploring the artists' contribution to printmaking and offering a view of African-American life during the period; to Jul 14

**DUBLIN**  
CONCERT  
National Concert Hall - Geórgias Násiúnta  
Tel: 353-1-6711888  
● '96 String Along: Roy Holmes and Richard Jenkinson: the pianist and cellist perform works by Mozart, Buxtehude and Chopin; 8pm; Jul 15

**LONDON**  
CONCERT  
Barbican Hall  
Tel: 44-171-6384141  
● La Damnation de Faust: by Berlioz. Performed by the London Symphony Orchestra with conductor Kari Nagano, mezzo-soprano Susan

Graham, tenor Giuseppe Sabbatini, baritone Natalie de Carolis, the London Symphony Choir and the New London Children's Choir; 7.30pm; Jul 14

Queen Elizabeth Hall  
Tel: 44-171-9210600  
● Die Schöpfung: by Haydn. Performed by the Orchestra of the Age of Enlightenment with conductor Sir Simon Rattle, soprano Hillevi Martinpelto, tenor John Mark Alnay and bass Robert Lloyd; 7.45pm; Jul 13

Wigmore Hall  
Tel: 44-171-9352141  
● Peter Donohoe: the pianist performs Chopin's Scherzo No.3 in C sharp minor, Op.39, 2 Nocturnes, Op.9, 3 Waltzes, Op.64 and 12 Etudes, Op.10; 7.30pm; Jul 13

**EXHIBITION**  
Institute of Contemporary Arts - ICA Galleries  
Tel: 44-171-9303647  
● Chapmanworld: Dinos & Jake Chapman: like the Futurists or Situationists, the Chapmans issue manifestos, describe themselves as terrorists and make highly provocative work. This is their first big solo exhibition and features entirely new work; to Jul 14

**OPERA**  
Royal Opera House - Covent Garden  
Tel: 44-171-2129294  
● La Traviata: by Verdi. Conducted by Simone Young and performed by the Royal Opera. Part of the Verdi Festival '96; 7.30pm; Jul 13, 16 (7pm)

**MADRID**  
EXHIBITION  
Museo Nacional Centro de Arte Reina Sofía  
Tel: 34-1-4675062  
● ?BUNUEL! La mirada del siglo: Based on Luis Buñuel's film "La

edad de oro", the exhibition focuses on work by people who inspired Buñuel or were themselves inspired by his work and features 500 works, including paintings, drawings, sculpture, books and photographs; from Jul 16 to Oct 14

**MUNICH**  
OPERA  
Nationaltheater  
Tel: 49-89-21851920  
● Idomeneo: by Mozart. Performed by the Bayerische Staatsoper and conducted by Peter Schneider. Part of the Münchner Opern-Festspiele; 7pm; Jul 14

**NEW YORK**  
CONCERT  
Avery Fisher Hall  
Tel: 1-212-875-5030  
● Lyla Sohn and Robert Koenig: the violinist and pianist perform works by Mozart and Corigliano. Part of the Mostly Mozart Festival; 8pm; Jul 12, 13

● The Chamber Music Society of Lincoln Center: with clarinetist David Shifrin, special guest Alicia de Larrocha, violinists Ani Kavafian, Kerry McDermott and Joseph Silverstein, viola-player Paul Neubauer, cellist Fred Sherry and double bass-player Lewis Paer perform works by Mozart and Weber. Part of the Mostly Mozart Festival; 8pm; Jul 15

**EXHIBITION**  
Brooklyn Museum  
Tel: 1-718-638-5000  
● Convergencia Culturas: Art & Identity in Spanish America: more than 250 objects, ranging from large architectural pieces and furniture to

Peruvian textiles, Mexican manuscripts, and Spanish colonial pieces of jewellery, focusing on two Spanish viceroynesses of New Spain (Mexico) and Peru; to Jul 14

**PARIS**  
EXHIBITION  
Musée du Louvre  
Tel: 33-1-40 20 50 50  
● François Ier per Clouet: Two portraits of François I in the Louvre collection. An attempt to answer the question of whether they were painted by Jean Clouet, son François or brother Paul; to Aug 28

**ROME**  
CONCERT  
Accademia Nazionale di Santa Cecilia  
Tel: 39-6-3611064  
● John Bayless: the pianist performs works by Gershwin and Puccini; 9pm; Jul 15

**STUTTGART**  
CONCERT  
Staatstheater Stuttgart  
Tel: 49-714-20320  
● Staatsorchester Stuttgart: with conductor Gabriele Ferro perform Wagner's Parsifal, Op.1, 6 Stücke Op.6 and 5 Stücke, Op.10 and R. Strauss' Eine Alpensinfonie, Op.64; 11am; Jul 14, 15 (8pm)

**THE HAGUE**  
EXHIBITION  
Haags Gemeentemuseum  
Tel: 31-70-3381111  
● Van Monet tot Matisse, Franse Meesters uit het Poeslön Museum in Moskou: 60 French paintings from

the collection of the Pushkin Museum in Moscow, dated between 1870 and 1912 and ranging from Impressionism and Post-Impressionism to Fauvism and early Cubism. Artists include Monet, Cézanne, Gauguin, Picasso and Matisse; from Jul 13 to Oct 13

**JAZZ & BLUES**  
Nederlands Congregebouw  
Tel: 31-70-3502034  
● North Sea Jazz Festival: festival highlights on Jul 13 and 14 include performances by Jean 'Toots' Thielemans and Bert van den Brink, Oscar Peterson, Van Morrison, Little Richard, Isaac Hayes, Al Jarreau (Jul 13), Ray Brown and Betty Carter and her Trio (Jul 14); Jul 13, 14

**WASHINGTON**  
EXHIBITION  
National Gallery of Art  
Tel: 1-202-7374215  
● Thomas Eakins: The Rowing Pictures: All known works depicting rowing subjects by American realist painter Thomas Eakins (1844-1916) are brought together for the first time; to Sep 29

**ZURICH**  
JAZZ & BLUES  
Opernhaus Zürich  
Tel: 41-1-268 6666  
● Joe Henderson Double Rainbow Quartet and Joao Bosco e Grupo: perform Brazilian jazz music; 7.30pm; Jul 15

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Pilots' strike threat averted

MPS give themselves

Ch...

Philip Stephens

# Conspiracy of silence

The decision on a single currency is of momentous significance but politicians on both sides are keeping the public in the dark



John Major and Tony Blair have chanced upon a convenient collision. They hope to sustain it through the general election campaign. It concerns the most important decision the British government will face during the next parliament. Some might call it a conspiracy of silence. The only losers are the voters.

The issue they propose to dodge is the European Union's plan for a single currency. More specifically, it is whether Britain will join. You do not have to partisan in the debate to agree that this is an issue of momentous economic and political significance. The answer will shape the nation's destiny.

Consider what the two main parties intend to say to the electorate in advance of that decision. To paraphrase: it is too distant a prospect for us to have a firm policy; there are too many imponderables; it is all very complicated; it might not even happen; we will have a referendum or, in Labour's case, a referendum or another general election.

Putting it politely, this is telling less than the whole truth. Economic and monetary union can no longer be pushed into a dim, distant future. The winner at the election, whether Mr Major or Mr Blair, may have to make up his mind almost as soon as the votes are counted.

We cannot be certain, of course, that Germany and France will meet the deadline to merge their currencies by January 1 1999. On present plans the final decision will be deferred until the spring of 1998. There could yet be a postponement.

But the presumption of responsible politicians must be that the project will proceed on schedule, that the political will in Bonn and Paris will overcome the economic obstacles. In that case, the occupant of 10 Downing Street may need to decide sterling's fate within months of the election.

Let me explain. The precise timetable is a complicated

equation. But since it has been the subject of much obfuscation, it is worth spelling out in some detail.

Mr Major expects to call the election in May 1997. A strict reading of the Maastricht treaty and of the protocol enshrining the British opt-out suggests that the incoming prime minister would have until January 1998 to choose whether to participate in Emu. A more liberal interpretation would stretch that timetable to March of the same year. The latest, theoretically possible, deadline would be June 30 1998.

But the provisions of the treaty tell only half the story. Even if Britain meets the criteria for economic convergence, the government would be obliged to jump several domestic hurdles before it could go ahead.

The first is an almost forgotten provision in the Maastricht Act. It specifies that before Britain notifies its intention to join a single currency, it is required to pass another act of parliament. No one can pretend that would be easy. It would also be just the start.

Being in the first wave of Emu would require at least three, and possibly four other pieces of legislation during the first session of the new parliament. A bill would be needed to give independence to the Bank of England. The

**The winner at the general election, whether it is Mr Major or Mr Blair, may have to make up his mind almost as soon as the votes are counted**

deadline for enactment would be July 1 1998. A law would be required to change the arrangements under which the government funds its borrowing requirement. Yet another would probably be necessary to transfer ownership of the foreign currency reserves from the Treasury to the Bank. And, assuming that a victorious Mr Blair did not opt for another general election, there would have to be a referendum bill.

Legislation takes time. Constitutional legislation like this takes forever. Line up all the hurdles and the best guess of the Whitehall officials paid to understand these things is that to be in at the beginning in 1998, the incoming government would have to make up its mind in principle during the autumn of 1997.

Now rephrase what the politicians intend to say at the election. Within a few months we will make the most important choice Britain has faced in decades. But please, please, do not ask for any clues as to what we may decide.

Their real intentions, of course, are different. Mr Major has no wish to participate. So long a prisoner of his party's Eurosceptics, he is suffering from what you might call Patti Hearst syndrome. You remember Ms Hearst, the American heiress kidnapped during the 1970s by a group of urban guerrillas known as the Symbionese Liberation Army. After a spell in captivity she decided to join them.

The cruel memory of sterling's departure from the exchange rate mechanism is etched on Mr Major's soul. More than once recently I have been told by cabinet colleagues that the prime minister says that, left to himself, he would rule out the possibility for the lifetime of the next parliament. The Eurosceptics - inside and outside the cabinet - are even now planning an autumn campaign to force Mr Major to do just that.

But he cannot do so without seeing Kenneth Clarke and Michael Heseltine quit the

cabinet. They have conceded a referendum on the issue. If the economic circumstances are wrong, Mr Clarke might well accept that Britain should stand aside initially. It could join later. The chancellor has said as much many times in public.

But if Mr Major were to rule out participation for the lifetime of a parliament he would in effect be closing the door indefinitely. The Conservatives could not fight the 1997 election in defence of the pound and then propose to abolish it a few years later. So, for pro-European Tories keeping the option open is an article of faith. The prime minister is left with fudge.

Mr Blair's position is different. Temperamentally, he shares the view of most pro-European pragmatists that, if a single currency is made to work, Britain cannot stand aside. Gordon Brown, the shadow chancellor, is a powerful proponent of the economic case, partly because he wants to reassure the financial markets before the election. A well-timed decision to scrap the pound could also split the Conservatives irrevocably.

But there are divisions too within Labour. Mr Blair knows that if he chose to be among Emu's front-runners the issue would swamp the first two years of his premiership. Nothing else would count. And he too remembers what the ERM did to Mr Major. So his present view remains that Britain would much more realistically join later, towards the end of the next, or the beginning of the following parliament.

So you see now the purpose of the collusion. I suppose we should not be surprised that Mr Major and Mr Blair have chosen to cloak their different dilemmas in the language of pragmatism. Perhaps it is naive to expect them to consult the voters in anything but the most superficial of terms. But this is a big issue. The convergence of the politicians should not be allowed to displace serious debate.

Owen Simon, 106 Eborac Street, London SW18 5DL, UK

## LETTERS TO THE EDITOR

Number One Southview Bridge, London SE1 9HL

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### Russia must not let reform drive falter again

From Mr Vladimir Reznichenko

Sir, Indeed, as your editorial ("Boris Yeltsin's famous victory", July 5) stated, July 3 provided a "famous victory" for the Russian president. The road of transformation has now been cleared of all obstacles and Russia has one more chance to progress towards a civilised and prosperous society.

It is only natural that the uncertain political situation has been affecting Russia's economic performance. Now that the choice between democracy and a return to communism has been decided in favour of the former, the country can concentrate on its economic aid and attract major investment.

Clearly the feeling of impending doom has not swept the whole of society. Recent hardships notwithstanding, Russians spoke up in favour of socio-economic transformation and against a return to the totalitarian past. The main task for the president and his followers is to back up the

results of the vote with practical political and economic steps to make Russia's transformations of the past decade truly irreversible.

The young Russian democracy dealt two heavy blows at totalitarianism: in August 1991 and October 1993 when the opponents of the reform drive appeared to have been crushed.

But the authorities proved to be too lenient, failing to push home the advantage and allowing the reform drive to falter. This must not

happen a third time. At the same time, the president cannot avoid taking decisive steps to consolidate a nation that is split. Should the legitimate interests of those who voted for Gennady Zyuganov not be met, Russia will surely never live to see a durable social peace.

Vladimir Reznichenko, Russian Information Agency (RIA)-Novosti, 4 Zubovskiy Bulvar, Moscow, Russia

### Quality better than quantity

From Mr Owen Simon

Sir, I hope that John Gummer, the environment secretary, is sensible enough to reject the proposal to build the biggest skyscraper in Europe in the City of London ("328m skyscraper planned for City", July 6).

No matter how distinguished the architect, such a building would be bound to have a crushing impact on the rest of the City because tall buildings generate more externalities than not so tall ones; transport congestion, adverse wind effects, blocked views and negative impacts on the amenity of existing buildings are all common consequences. There is also the aesthetic aspect to consider because the skyline of the City of London, so carefully conceived by Wren, has been utterly ruined by insensitive post-war office development.

Business location is far more dependent on the perceived quality of life a city can offer than the number and size of skyscrapers it contains. While Paris and Amsterdam, two cities with relatively unspoiled city centres, are consistently rated as among the best European cities for business location.

Owen Simon, 106 Eborac Street, London SW18 5DL, UK

### Refine, not fudge, procedures for Emu

From Mr Robert McDowell

Sir, Your editorial "Fiscal fudge threatens Emu" (July 4) and Lionel Barber's article "Move to fudge Emu procedures halted" (July 1) summarise the political, but not economic fudge.

For example, the Commission takes gross figures reported by each country, but ignores that some of the debt is owned by governments themselves, ranging in amounts from 9 per cent to 26 per cent of national debt. This is not a level playing field. There are other anomalies. Luxembourg, the only country compliant with the Maastricht criteria, lacks what for others is essential, its own currency, exchange rate and domestic inflation rate.

The aim of Emu is monetary union to guarantee peace, but based on similar economic which after the first world war led to the second world war. If the suggestion of Theo Waigel, the German finance minister,

is followed that all EU states must rapidly achieve balanced budgets, a view endorsed by the UK's chancellor of the exchequer, Kenneth Clarke, post-Emu politics will be extreme. On July 1 you reported "Biggest spending boom in decade predicted" that a group of economists using the Treasury's model found the cost of joining Emu in 1999 would in the UK alone mean 500,000 fewer jobs, 3 per cent loss of gross domestic product and 17 per cent higher income tax. There are also knock-on effects to be considered of other countries making similar cut-backs.

Balancing budgets without tax rises requires public spending to be cut by 20 per cent. Today, in the UK and other EU states budget deficits (new debt issuance) equate almost exactly to the amounts required to pay for matured debt and the interest on outstanding debt. Likewise, tax

revenues are in almost precise balance with the cost of public services while budget deficits cover debt servicing. Balanced budgets would mean debt servicing becomes a tax and governments not allowed to employ financial assets, except in short-term Treasury bills.

What proponents of balanced budgets must explain is why government debt issuance is so wrong if it must be cut quickly to zero and how this is justified by lower GDP, the cut-backs in public services and higher unemployment. Entry costs of meeting Maastricht criteria are already severe; balanced budgets would be a disaster. If we must have Emu, surely criteria is good to pre-empt the "serious ingestion labor" your editorial feared is the price of fudge today.

Robert McDowell, 2A Gresham Road, Cambridge CB1 2ER, UK

### Librarians stamped with inappropriate image

From Mr Duncan J. McKay

Sir, It is a shame that Richard Poynder's excellent piece on the 239.50 computer protocol, "Surfing the index" (Technology, July 9), has been spoiled by the selection of a most inappropriate cartoon.

While Roger Beale's cartoon, "Muriel's strength..." may

be considered amusing in isolation it is not, I feel, appropriate to the subject matter of the article. Indeed, librarians and information scientists do "bring order to chaos" by means of classification systems.

However, while not wishing to be seen as elitist, I feel that

it should be noted that professionally qualified information staff do not perform this function by "stamping" anything with rubber stamps.

Duncan McKay, 82 Sedgwick Street, Cambridge CB1 3AL, UK

### Europa · Joost Smiers

# The right values for the euro

There has been too much secrecy and not enough debate about the design of the EU's currency

The debate over the European Union's plans for economic and monetary union continues. Meanwhile, the European Monetary Institute, the nucleus of the future European central bank, is busy planning a series of seven European banknotes that will be in circulation by 2002.

The governors of the 15 European central banks who make up the institute's board have invited around 30 designers in EU member states to submit designs. However, the rather vague terms of the commission suggests there is a sad shortage of ideas about what the EU stands for.

The institute has selected two possible themes: an abstract/modern design or ages and styles of Europe. The former would involve the sort of design used on some banknotes in northern European countries. The latter would reflect the EU's common cultural heritage. The institute suggests the banknotes could represent a period of Europe's history, perhaps incorporating portraits of important figures associated with the age.

The only definite requirement is that the design must incorporate a series of security features to reduce the opportunities for forgery.

The institute seems to be saying: "We have no idea how to encapsulate the image and ambience of a united Europe in a series of seven banknotes. Designers, do you have any ideas?"

Mr Anthon Beeke, the Dutch designer, has called this style of commissioning the "grape-shot" approach. It seems like a reflection of philosophical impotence among those responsible for the biggest public design assignment at the end of this century. It is embarrassing to see how responsibility has been shifted to designers whose role is not to decide what is shown on such banknotes.

It also raises serious problems about how agreement will

be reached on what should be depicted on the notes. Why, for example, portray a Swedish scholar but not a Greek? Why reject an Italian futurist but depict a Flemish painter?

And a cynic might say there is probably more common European ground in images of the second world war, or of the Dutch war against Spain. But of course that would be counterproductive: banknotes and coins are supposed to radiate stability.

The designs of notes and coins have always played a part in presenting the public image of those in power. The aim is to reassure the user that the authorities can provide for their security, welfare and culture - as well as guaranteeing the value of their money.

A host of different solutions has been found, including depictions of the sovereign, historical figures, scenes portraying society in a positive light, and buildings that imbue the nation with a sense of pride. The use of more abstract designs reflects a desire in some countries to demonstrate modernity and technological superiority.

So what should the currency of a united Europe depict and what kind of feeling should be projected? One solution would be to reflect the freedom of movement of people, goods and

services at the heart of the single market. Indeed, it is in the interests of such free movement that many people believe a single currency is necessary.

But depicting aspects of economic life on banknotes is a risky business. In a free market of the economy can disintegrate from one moment to the next.

If economic exchange is not a potential theme for the new banknotes, then what about the common legal framework in which economic and social relations take place? It is the state as the embodiment of the rule of law that gives commerce in Europe its stability. And that stability is anchored in the norms and values in the European Convention on Human Rights and many other European instruments.

Since seven denominations of euro notes are planned, I would propose each should represent one of seven cardinal values: the rule of law, democracy, protection of the individual, social equality and freedom from want, sustainable development, cultural diversity and non-discrimination, and freedom of communication and equal access to means of communication.

These themes are fundamental to Europe, or at least they should be. How should they be

depicted? Naturally, the easiest solution is to let the designers think of ideas themselves. But here too, the initial responsibility lies with the authority commissioning the design. It is up to them to specify the tone of the notes. Should they be moralistic? Should they be funny? Sober? Chic?

In short, a choice has to be made - and not by the designers who should concentrate on their role of transmitting the commission into a design.

Indeed, there is a danger that left to themselves, designers will tend to reflect the values of the commercial sector, which are quite different to those that ought to be reflected in communicating public matters.

For example, the central principle of democracy is that everyone is equal; commerce is about exclusion - winning and losing. Democracy is a slow process; trade is about seizing opportunities, even if this means ignoring social and cultural interests.

Naturally, these two worlds should be presented in different ways. However, commercially inspired images have become so dominant that designers find it increasingly difficult to create images and ambiances not touched by these influences and reflecting public norms and values.

However, the failure to consider such issues reflects the secrecy with which the project has been organised. Even the names of the 30 designers have been kept secret (though those of the Dutch contributors, Corrie Oomsma, Joop Drupsteen and Inge Madlé, have been published).

The whole process is being controlled by the 15 governors of the EU's national central banks. This is unacceptable for such a public project. It would, of course, be hardly practical for all 360m Europeans to decide on the terms for the design of the euro. But the currency under consideration is a public matter, as are the values that the notes will project.

Surely the central banks and the European Monetary Institute should have launched a public debate. Then the designers could have been left to translate the results into powerful images that would have reinforced the unity of Europe.

The author is director of the Centre for Research at Utrecht School of the Arts.

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# The long arm of America

The US threat to deny entry to executives and shareholders of Sheritt International, a Canadian mining company accused of infringing the newly enacted Helms-Burton law, would be enough on its own to warrant an international outcry. However, the incident is only one - and by no means the most disturbing - manifestation of a US policy trend, to which other governments need to give a firm and vigorous response. The exact form of that response will depend on whether President Bill Clinton decides next week to waive Title Three of Helms-Burton, which authorises private US court cases against foreign companies and others "trafficking" in confiscated Cuban assets. His refusal to do so could unleash an uncontrollable flood of litigation which would imperil the property rights of foreign investors in the US and jeopardise relations with trusted allies.

In that event, it would be imperative for the European Union, as the world's largest trading power, to present a united front. At the least, it should challenge the legality of the US legislation in the World Trade Organisation. It should also plan graduated retaliation while ensuring it complies with WTO rules. Among the options are stricter visa and work permit rules for US executives visiting Europe; legislation entitling European companies to counter-claim US-owned companies for damages awarded by US courts; and trade sanctions in sectors such as aviation and telecommunications,

where the WTO's rules and disciplines do not yet apply. Some in Britain might balk at a Brussels initiative directed at Washington. They need to recognise that the UK, as the biggest foreign investor in the US, has most at risk, while its influence on US policy is negligible. Furthermore, failure to stand firm this time would encourage further US attempts to impose its laws on the rest of the world. Already, Congress is working, with administrative support, on a bill to permit sanctions on foreign investors in Iran and Libya.

Even if Mr Clinton waives Title Three of Helms-Burton, his readiness thus far to acquiesce to extrajurisdictional legislation has compromised his authority over US foreign policy. At worst, he risks surrendering it to myopic sections of Congress, who seem to think that the US should deal with rogue regimes, such as Cuba and Iran, by bullying its allies.

Other governments need to remind the US forcefully of a fact that its own legislators appear to have overlooked: it is part of an integrated global economy, on which its own prosperity increasingly depends.

If it persists in playing the lone cowboy, it will invite reprisals against its own commercial interests abroad. Ultimately, it will undermine the rules governing the conduct of international economic and trade relations. Those rules operate to the advantage of all countries. The US is no exception.

# Long Term trend

It is always rash to assume that change can happen suddenly or quickly in a country such as Japan, but yesterday's announcement that Long Term Credit Bank is preparing to sell some of its corporate equity holdings could turn out to be a defining moment in Japan's financial history.

If other banks follow suit, a trend would begin that would lead to the unwinding of the complex cross-shareholdings that have underpinned Japan's post-war development. That would be welcome because Japan is ready for a more open financial structure.

Bankers should be concerned with banking, not with owning chunks of other industries. Deutsche Bank has found with Metallgesellschaft and KHD that the experience can be costly. Japanese banks have had fewer industrial assets but their corporate holdings have tied up capital for a pretty poor return.

Moreover, the practice has led banks to rely excessively on unrealised capital gains to bolster their capital base. Their true position is not transparent and capital fluctuations with movements in the stock market. That would change if corporate holdings were sold off and capital gains realised.

Banks would then be able to deploy their capital more efficiently. There would also be increased competition. With fewer captive customers, banks would jostle for business and companies could choose the best deal.

Competition would also increase in the securities business. It is probably no coincidence that LTCB, one of the more dynamic commercial banks in this area, has chosen to focus initially on divesting its holdings in securities companies. That does not necessarily mean a visceral aversion to securities business; it suggests a recognition that it is more sensible to invest in one's own business than in one managed by others.

There are risks, of course. One is that banks will use capital freed through equity sales to go on a lending spree. But this seems unlikely after the damage inflicted by the property bubble.

Another is that, as cross-shareholdings are unwound, Japan will lose the long-termism that has been a source of economic strength. Banks will look for deals that provide a quick return. Corporate managers could find themselves at the mercy of new shareholders seeking short-term performance, just like their counterparts in the Anglo-Saxon world.

Even if LTCB is sparking a trend, it will take a long time to reach that point. The prospect of banks off-loading equity holdings will weigh on the stock market. Any move to divest would have to be undertaken gradually. But the overhang of shares is not a reason to shy away from a more focused and more competitive approach to banking. Indeed, with the Nikkei 50 per cent above its trough, now is as good a time as any to start.

# French judges

Top people in France are not more corrupt than their peers in other western countries, but of late quite a number of them seem to be visiting the penitentiary.

France's railways are now run from the Sanson prison, where their chief executive, Lolk Le Floch-Prigent, is being interrogated about alleged abuses in his previous job. Alain Carignon, the former Gaullist cabinet minister convicted for fraud, had his jail sentence increased this week by an appeal court, while a former Socialist minister, Bernard Tapie, is almost certain to go to prison.

Behind this crackdown on corruption lies a fierce struggle between politicians and judges. It was the French philosopher, Montesquieu who first identified the separation of powers - executive, legislative and judiciary - as an essential ingredient of political freedom. But the principle has never been fully applied in France, any more than in England (where Montesquieu believed he had discovered it).

In both countries, the executive has retained a degree of control over the judiciary, because it appoints the judges. But governments know they must promote judges who command the respect of their peers. In France, a constitutional reform of 1959 requires the proposal of appointing judges on the proposal of the Higher Council of Magistrates.

But that reform has left the way open for much conflict. Judges are

up in arms against pressure from Mr Chirac and his justice minister, Jacques Toubon, to get their own candidates nominated to top judicial posts. At a meeting of the magistrature council this week Mr Chirac agreed to postpone the most controversial appointments, while insisting on his right to vote upon them, as well as on his position as constitutional "guarantor" of their independence.

This is not how many judges perceive him. There is a kind of guerrilla war between the government and the magistrature investigating corruption cases, especially those involving the municipality of Paris, run by Mr Chirac and his prime minister, Alain Juppé, until they assumed their present jobs.

Mr Toubon has shelved one investigation, and removed another from the control of an ever-zealous magistrate. He has also attacked magistrates for leaking their findings to the press. Meanwhile Mr Juppé has dropped the code established by his predecessor, Edouard Balladur, who insisted that ministers and senior officials must resign if placed formally under investigation for corruption. It is as a result of this that Mr Le Floch-Prigent can continue to head the French railways from his prison quarters.

The French government has stumbled into a mess in trying to mobilise public opinion against the judiciary. The moral is that politicians should read Montesquieu and mark his wisdom.

هكذا هو الحال

# Birthpangs of a colossus

Stefan Wagstyl and Neil Buckley on the latest attempt to create a legal structure for European companies operating throughout the EU

The European Union is edging closer towards tackling one of the oldest and thorniest issues on its agenda - allowing multinationals to create European companies to replace the multiplicity of national holding companies in the 15 member states.

At first glance, nothing would seem more logical than allowing multinationals to operate freely across borders in the EU. They would avoid the complex tangle of national corporate laws and bring the much-wanted single market a step closer to reality.

In place of PLCs, SAs, NVAs, GmbHs and AGs - along with national boards and layers of national managements - there would be a single *Societas Europaea*, or SE. The European Commission estimates the savings in discarded red tape could reach \$30bn.

The European company is easier to create on paper than in practice. The Commission has been promoting the concept of the European company statute for 25 years. Successive presidents have put it on their agendas, only to see it founder on arguments between the member states over matters such as workers' rights.

However, the supporters of the European company believe their day might soon come. The latest push has come from European business leaders who have added their weight to the long-standing enthusiasts in the Commission.

They include Sir David Stimen, the chairman of British Petroleum, Mr Percy Barnevik, chief executive of ABB, the Swiss-Swedish engineering combine, and Mr Berndt Pischetsrieder, chairman of BMW, the German motor manufacturer. The campaign has backing from US companies in Europe, including Eastman Kodak, the film manufacturer, and Dupont, the chemicals group.

Mr Nils Trampe, director of social affairs at Unice, the European employers' federation that has lobbied in favour of the statute, says an agreement this year would be "beautiful". "It is just too bad that something so important for European companies and competitiveness has been held up for so many years," he says.

Unice believes the European company statute is the logical extension of the EU's single market. Company law directives dating back to 1968 already set down guidelines for disclosure, shareholders' rights and the preparation of annual reports.

More broadly, supporters of the European company statute argue it will enable businesses to respond better to the pressures for economic globalisation, particularly in competing with American groups, which benefit from the US's more integrated legal structure. As BP says: "We want to operate here as Exxon and Amoco do in the US."

But business does not speak with a single voice. While the German Federation of Industries (BDI) says it supports the European company statute, the Confederation of British Industry says its members are "lukewarm". In France, the Patronat, the employers' body, says it has even more important issues on its plate. Even multinationals are not united in supporting new EU company laws. Many companies argue that business is best served by the efforts to harmonise international rules for company behaviour through bodies such as the International Accounting Standards Committee.

Sir Colin Marshall, chairman of British Airways, said in a speech at an international corporate govern-



ance conference last month that pursuing harmonisation through international - not regional - co-operation was the right way forward. "I believe we should have a two-tier governance system, one at a national level and the other international. The EU, for instance, should not be searching for EU-specific governance rules, but putting forward Europe's case for global practices and guidelines."

The directive obliges multinational groups with more than 1,000 employees to set up bodies for informing and consulting workers.

The latest attempt to break the impasse dates from November. Mr Padraig Flynn, social affairs commissioner, working with Mr Mario Monti, single market commissioner, proposed removing the worker consultation clauses from the legislation and putting them into a separate framework.

Recently, however, efforts to push the statute through have been given new impetus by Mr Jacques Santer, the Commission president, who named it in a list of priority measures in his "confidence pact" to reduce unemployment. He set a target of this December for ministerial agreement - included in the official conclusions of last month's Florence summit of EU leaders.

"There is now a window of opportunity," says one Commission official working on the dossier. Social affairs and internal market ministers will renew attempts to sort out their differences at meetings in September and October.

Some observers say a possible, if not wholly satisfactory, compromise might be for ministers to drop the requirement to consult workers and allow the statute to proceed, and deal with the issue of consultation separately. Meanwhile the works council directive would apply to all European statute companies, including those registered in the UK.

That would at least usher in the age of the *Societas Europaea* while pushing further discussions on employee consultation into the future - by which time the UK might have a different government.

Ireland has previously been part of the blocking minority to the statute, echoing the UK's line, but recently showed signs of softening. Agreement on one of the EU's oldest unrealised pieces of legislation would be a nice trophy for the current six-month Irish presidency.

However, even if EU members reach a compromise on worker participation, other important hurdles remain if the European company is to operate freely. Chief among them is tax. Governments mostly insist multinationals create national holding companies so that the amounts of tax can be clearly assessed. Multinationals have long argued that differences between tax regimes greatly complicate business and add costs.

For example, Unilever, the Anglo-Dutch foods-to-detergents group, says the best answer is a supra-

national EU tax, sharing the proceeds among member states. But governments are loath to involve the Commission in any such arrangements, for fear of limiting their own tax-raising freedoms. The detailed co-operation required to administer fully-functioning European companies would require even more constraints on national tax authorities.

There would also need to be much more harmonisation on the intricacy of company laws. For example, after 30 years of effort Europe still does not have an agreement on bankruptcy regulations. A bid to create such a convention failed recently during the British blocking of EU decisions in the BSE crisis. But even if it had passed it would not have harmonised existing national rules. It would merely have established the rights other countries would have in the event of a bankruptcy in one member state.

It would be tempting for the Commission to skate around some of these issues, as it has proposed with worker participation. But if the European company statute is robbed of its practical impact then it cannot fulfil its role in furthering economic integration. As Mr Bill Knight, senior partner-elect of Simmons & Simmons, the London law firm, says: "If you take everything out, you are left with a PR exercise."

Additional reporting by David Owen and Wolfgang Münchau

# OBSERVER

## Lies and Eurostatistics

■ Eurostat, the European statistical agency, delivered a heavy blow to Portugal's self-esteem last week with figures that showed it had fallen to the bottom of the EU's league table for GDP per capita.

Overstating GDP has been a source of immense pride. Hence curious gloomy analysis in the front-page newspaper stories that splashed the Eurostat figures.

These showed that Portugal's GDP per capita had fallen from 69 per cent of the European average in 1994 to only 60 per cent last year, while the figure for Greece had risen from 62 to 69 per cent. Showing comments were made about the crisis in the real economy of the Mediterranean convergence criteria. The government, elected only nine months ago, put on a brave face and said things were getting better.

And they did. This week Eurostat put out a corrected version of the chart showing that Portugal was still ahead of Greece because its GDP per capita last year was in fact 67, not 60 per cent of the European average. Data for the last quarter of 1995 had been mistakenly omitted from the original calculation, the agency explained.

Not that Eurostat has it in for

## Golden girl

■ Peter Munk's Barrick Gold might be thought to be taking a bit of a gamble with yesterday's bid of US\$70m for Arequipa Resources of Vancouver. For Arequipa, a mere four years old, has no mines, and its main exploration property in Peru has yet to be fully sampled.

All the same, Munk may turn out to have made a canny choice on where to place his chips. Arequipa's founder and chairman, David Lowell, is something of a legend to the mining industry. Lowell, now in his late 60s and living in Arizona, is credited with the discovery of Chile's Escondida, the world's biggest copper mine.

Another Arequipa director is a former president of Fluor Corp, another respected name in the gold business.

Arequipa's chief executive, Catherine McLeod, is among only a handful of women in the upper echelons of the mining business. Mining certainly runs in the veins. Her father heads another small Vancouver mining company and her brother is a mining engineer.

Instead of spending holidays on the beach, the McLeod family used to head for old mining camps.

## St Daewoo's day

■ Excuses for national holidays can often be quite inventive. But Uzbekistan has gone one better by declaring July 19 a national holiday in honour of a foreign company. Step forward Daewoo, which seems to have qualified by opening a \$60m car factory. The gesture is apparently meant to underscore the importance of South Korea as the largest foreign investor in the central Asian nation.

But the Korean government is staying pretty cool about the whole thing. "Uzbekistan is providing appropriate treatment for a company that is investing a huge sum in a risky market," was the somewhat stuffy response of an official at the ministry of trade and industry in Seoul.

## Class act

■ It's possible to be too honest. Granada circulated Forte first mortgage debenture holders concerning the substitution of Granada for Forte as principal debtor following the completion of the bid.

*Inter alia*, it points out that "Barrings Brothers Limited consider(s) that the Substitution is in the best interests of the stockholders as a class". Could that possibly be stockholders?

# Financial Times

**100 years ago**  
The United States Election  
The Democratic Convention was a scene of great excitement and disorder after four hours devoted to speeches and the nomination of candidates. The demonstrations over the names of Bland, Boies and Bryan rivalled one another in intensity and fervour. A young woman dressed in white led the demonstration in favour of Mr Boies from a front seat to the gallery, where she waved a banner. She was conducted by excited delegates to the platform, and thence was almost carried to the lower delegation, waving her banner until almost exhausted. At the fifth ballot Mr Bryan obtained the requisite number of votes, and was accordingly nominated as the Democratic candidate for the presidency.

**50 years ago**  
China To-day  
Life in Shanghai is vastly different from the old days. Shortly after the defeat of the Japanese, Shanghai was a cheap place to stay in. At the same time Kunning was the most expensive place in China. Kunning is now about the cheapest place in China and Shanghai probably the most expensive in the world. The cost of living is 4,000 times that in 1936, but the number of Chinese dollars to the pound is only 500 times greater.

**LEGAL DEFINITIONS**  
 Trade mark etc. A small expensive symbol fastened onto polo shirts etc (often still, by First East copies)  
 2 a device, word or words established to represent a company, product etc. see ROWE & MANN: strap (tel 071-245 3282)

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**LAWYERS FOR BUSINESS**

# FINANCIAL TIMES

Friday July 12 1996

**Brossette BTI**  
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## EU broadcasters in fight to keep cartel exemption

By Neil Buckley in Brussels and Raymond Snoddy in London

The European Broadcasting Union, the club of public service broadcasters such as the BBC, said last night it was considering an appeal against a European Court ruling that cast serious doubt on its right to buy exclusive broadcasting rights.

The court annulled a European Commission decision in 1993 to give the EBU a five-year exemption to the European Union's competition rules which ban restrictive business agreements.

The ruling was a victory for a number of commercial broadcasters such as Metropole Television of France and Reti Televisive of Italy and means that the Commission will have to examine the issue again.

The court decision raises uncertainty over the future of long-term multi-billion dollar deals to screen major sports events such as the Olympic

Games. In January the International Olympic Committee agreed a \$1.442bn deal with the EBU to keep the summer and winter Olympics on "free" television until 2008, even though Mr Rupert Murdoch's News Corporation had bid \$2bn.

Last night the EBU said the ruling would not affect existing deals. Lawyers for organisations such as BSkyB, Mr Murdoch's British satellite venture, were studying the judgment to see if a legal challenge could be mounted to the Olympics deal. The European Commission may also appeal against the European court ruling, although it said its legal experts still had to examine the detail of the 30-page judgment.

But Mr Karel Van Miert, competition commissioner, has told staff to study all exclusive television rights deals, including existing arrangements and forthcoming ones such as Sportkanal, a planned Dutch sports channel. His findings could have impor-

tant implications for sports broadcasters. Mr Van Miert is already examining the broader issue of how public broadcasters are funded.

The Commission in 1993 granted the EBU a five-year exemption from article 86 of the Treaty of Rome, which bans cartels or market-fixing arrangements.

Private broadcasters challenged the exemption in the Court of First Instance, a branch of the European Court of Justice. Its 15 judges said the Commission had not justified the need for clubbing together to bid, given that some EBU members were private and profit-making.

Legal experts fear existing deals may still be threatened. "The exemption has been the basis of the assumption of the sports and media world for the past 24 years," said one Brussels lawyer. "There is going to be a fair bit of uncertainty."

## US doctors prepare to test triple HIV drug treatment

By Daniel Green in Vancouver

US doctors are on the verge of establishing whether the latest combinations of drugs can permanently eliminate HIV, the virus that causes Aids, following the release of research showing that the therapies have reduced the virus by more than 99 per cent.

The landmark tests to establish whether a cure has been found are expected to be conducted as early as October by New York doctors who have been treating newly infected people with the powerful "triple combination" of drugs.

By September, one patient will have been on triple therapy for a year. He will then be offered a holiday in which a sample of cells is taken from the body, to see if there are any dormant viruses left.

If there are none, the patient will be asked if he wants to stop the triple therapy.

Without withdrawing the therapy, it would not be possible to say that the patient was cured, said Dr Martin Markowitz of the Aaron Diamond Aids Research Centre in New York at the last day of the Vancouver Aids conference yesterday.

He warned that if eradicating HIV were possible, it would probably be much easier in newly infected patients. Like cancer, he said, Aids could be a disease that was effectively curable if caught early enough.

If the experiment is successful there will be a new set of benefits and problems to contend with. The fears of Aids activists over the toxicity and expense of indefinite triple therapy could be assuaged.

They also fear the difficulties of starting widespread screening to catch people exposed to HIV as early as possible.

It could also be a boost for the drugs companies making the components of the triple therapies. They include Merck and Abbott Laboratories of the US, Roche of Switzerland and the UK's Glaxo Wellcome.

Products made by the first three companies have been the stars of the conference, which was attended by 15,000 delegates. These "protease inhibitors", when given with an older class of drugs, of which Glaxo's AZT is the best-known example, reduce virus levels to below what laboratory tests can detect.

The protease inhibitors have attracted criticism from some Aids activists who say they are too expensive - a year's triple therapy costs between \$10,000 and \$15,000. They also say that the side effects, which can include kidney stones or diarrhoea, had been underplayed by drugs companies.

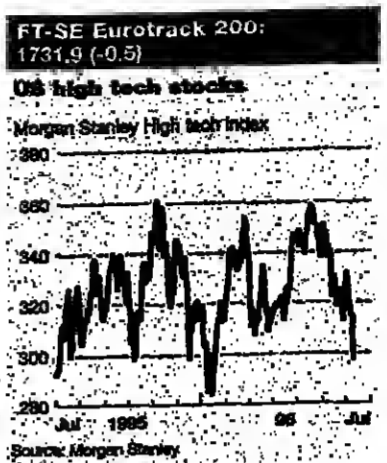
Roche and Abbott seek Aids drugs go-ahead, Page 15

### THE LEX COLUMN

## How now brown Dow

Digital Equipment's huge restructuring charge earlier this month could be viewed as an isolated phenomenon; after all, the computer group has a chequered history. One could treat Motorola's earnings slide merely as an indication of how tough the mobile communications and semiconductor markets have become. It is much harder to brush aside Hewlett-Packard's profit warning, America's second-largest computer group has an almost unblemished record, meaning poor management is probably not the explanation. Moreover, its business is well diversified - so the slowdown in orders growth cannot be pinned to problems in a few sub-markets. Worryingly, HP says the slowdown is across product categories and regions. It also says, ominously, that it is concerned there may have been a "fundamental shift" in demand.

Nevertheless, there is still a puzzle about what has happened. Not only is the US economy growing rapidly, as last week's employment data confirm; most European and Asian economies are picking up too. So it is not obvious that global demand in general is deficient. The most likely, albeit tentative, explanation is that growth of the high-tech industry is slowing. That, of course, would be bad for high-tech stocks. It would also be bad for US equities more generally, since much of the bull case over the past year has been built on the theory that America's prowess in high technology has boosted its long-run economic potential. With financial markets already jittery with expectation that the US interest rate cycle is about to turn, US equities may well be past their peak.



size of their shareholders' funds. That makes them vulnerable to stock market gyrations. If the Nikkei fell below 15,000, their capital would be wiped out. With the Nikkei at nearly 22,000 that is no immediate threat. But the banks clearly have a powerful incentive to reduce their exposure.

Even so, progress will be slow. The banks collectively own a quarter of Japanese equities and mass selling would drive up the stock market. In addition, cross-shareholdings have always cemented customer relationships. Most Japanese companies like them because they provide stability and protection from takeover. And rightly or wrongly, no bank would dare sell out against a client's wishes.

### Eurotherm

The rumbling row at Eurotherm raises an important corporate governance issue: at what point should shareholders interfere directly in board decisions? At Eurotherm they are certainly calling the shots. Institutions owning 40-50 per cent of the company are, it seems, fighting for the reinstatement of Mr Claes Hultman, who was sacked as chief executive last week.

This is good and proper. In the first instance, it should be up to non-executive directors to sort out the kind of boardroom split that developed between Mr Hultman and chairman Mr Jack Leonard. But in this case they manifestly failed. Instead of denouncing the crisis, the non-executives lined up against Mr Hultman, who was responsible for turning the company around. The result was his departure and a 19 per cent drop in the share price. At that point, shareholders were right to step in. They should, however, take some of the blame for not improving the quality of the non-executive directors as the company grew over the past five years. None of the group's four non-executives currently holds executive jobs elsewhere.

For Eurotherm, the best solution would be to bring back Mr Hultman. He has shown a talent for running the company and seems to have the support of the other executives. The fact will be to balance Mr Hultman's undoubted strength of character with the appointment of a high-quality non-executive chairman. After the events of the past week Mr Hultman should have little trouble accepting this. He can be persuaded to come back, Mr Leonard and the other non-executives should resign.

Additional Lex comment on GUS, Page 18

## Renewed violence as police give in to Ulster marchers

By John Kamphor and John Murray Brown in Portadown

The UK government yesterday yielded to Loyalist pressure and allowed the Orange order to parade past a Catholic neighbourhood in Northern Ireland, sparking pitched battles between residents and police and criticism from nationalists across Ireland.

The sudden retreat by the province's Royal Ulster Constabulary was designed to head off possible bloodshed between police and Protestants.

Instead, it plunged Northern Ireland into further sectarian strife, with a Catholic backlash in Portadown spreading to Belfast and other areas.

The UK government was widely criticised for surrendering to intimidation. Mr John Bruton, the Irish Republic's prime minister, said he had urgently demanded an explanation from his British counterpart, Mr John

Major, for a "very mistaken" decision. Mr John Hume, leader of the moderate nationalist Social Democratic and Labour party, accused Sir Patrick Mayhew, the UK Northern Ireland secretary, of capitulating to four days of "Protestant mob-rule".

Politicians on all sides acknowledged that the events of the week had left Ulster's search for accommodation between the two traditions in tatters. Yesterday's volte face by the RUC reinforced Catholic perceptions of discrimination.

Last night, republican youths ran amok in Belfast, hijacking and setting alight cars. As Loyalists prepared for their most important commemoration of the year - the defeat of James II by William of Orange at the Battle of the Boyne in 1690 - community leaders appealed for calm.

Further trouble is expected this morning in Belfast's Lower Ormeau Road.

Sir Hugh Annesley, RUC chief

constable, said he had reversed his original decision of last Saturday not to allow the Protestants to march down the Garraugh Road because he feared "serious loss of life".

Sir Hugh appealed to ministers to address the marching issue, and not to leave such sensitive decisions entirely in police hands. He said he and his men were "sick to death" of being put in an "unwinnable situation".

Sir Patrick told MPs the government was looking for an "independent and external eye" to arbitrate on marching disputes.

Mr Gerry Adams, Sinn Féin president, said the British U-turn made the search for a political settlement "more difficult". He said London had "clearly and tentatively" made a political decision to allow the march through.

"There is one law for nationalists who don't have rights, and another law for extreme unionism and orangeism," he said.

## Japan bank to ease ties with large companies

Continued from Page 1

to reducing its investments. It denied newspaper reports that the total reduction could be as much as ¥500bn, but confirmed that the cut would be significant.

Leading candidates for a sell-off appear to be shares in the country's securities companies. LTCB is the third largest shareholder in Daiwa Securities and the sixth largest in Nomura Securities, two of the "Big Four" brokers. Both regularly handle issuance of the bank's debentures, its principal source of funding.

Shares in the two companies

were sold heavily yesterday following news of the LTCB decision. Daiwa closing ¥20 down at ¥1,320 and Nomura also off ¥20 at ¥2,000. LTCB's share price fell ¥11 to ¥800 as investors anticipated retaliatory action by the brokers and other companies.

But the longer-term threat may be to the structure of Japanese industrial organisation. The system of cross-holdings, in which banks maintain large strategic shares in their customers, has come under pressure in the long financial crisis banks have faced over the past few years. With share prices still high relative to

earnings and dividends, the yield on these assets is very small. Banks are under pressure to improve their weak earnings and the move to higher-yielding assets should assist them.

In the past, the benefits of relationship holdings were thought to outweigh the poor financial returns achieved for shareholders, but banks are now being forced to reconsider the merits of the system.

It is unlikely that any early moves will make more than a small impact on the overall structure since banks own almost a quarter of all equity.

Products made by the first three companies have been the stars of the conference, which was attended by 15,000 delegates. These "protease inhibitors", when given with an older class of drugs, of which Glaxo's AZT is the best-known example, reduce virus levels to below what laboratory tests can detect.

The protease inhibitors have attracted criticism from some Aids activists who say they are too expensive - a year's triple therapy costs between \$10,000 and \$15,000. They also say that the side effects, which can include kidney stones or diarrhoea, had been underplayed by drugs companies.

Roche and Abbott seek Aids drugs go-ahead, Page 15

### Sports TV

Mr Rupert Murdoch and Mr Leo Kirch must be delighted. In attempting to combat one broadcasting cartel, the European Court may have inadvertently left the way open for the two moguls to corner the market in European sports television.

The court's decision to stop Europe's public broadcasters clubbing together to buy sports rights may look like a blow for a more competitive market. After all, most private broadcasters - though not Britain's ITV companies - have been shut out of the EBU's sports purchasing deals. The snag is that, unless broadcasters like the BBC and Italy's Rai can club together, they will be unable to bid for big international events like the Olympics. As individual national media groups, they simply do not have the resources or risk appetite to stump up the billions of

### Japan

Is Japan's historic web of cross-shareholdings about to unravel? The decision by the Long-Term Credit Bank of Japan to sell a chunk of its ¥2,500bn (\$2.6bn) of equity holdings almost smacks of sacrilege. But it makes a lot of sense. The average yield on Japanese shares is a pathetic 0.7 per cent and by selling some holdings LTCB can switch the cash into more profitable assets. Alternatively it could cover non-performing loans. And selling stakes at a profit to book value will strengthen LTCB's capital ratios, which remain weak by international standards.

For those reasons alone, other banks should follow LTCB's lead. But there is another consideration. In recent years, most banks have been selling equities at their year-end, realising profits to help offset bad debts, and buying them back again. As a result, equity investments of the 21 leading banks are on average 2½ times the

**FT WEATHER GUIDE**

**Europe today**  
 The Mediterranean will continue warm and sunny with temperatures between 25C-30C but central Spain, Turkey and the Middle East will see 35C. Greece will become cooler as a northerly breeze holds temperatures below 30C. Russia will have unseasonably high temperatures with readings reaching 35C in Moscow. This very warm air mass will trigger intense rain and thunder showers across the Baltic states and eastern Poland. Western Europe will have sunny periods but the most sunshine will occur in central England and in Ireland. Long sunny periods are expected in central France.

**Five-day forecast**  
 Most of western and central Europe will be fairly sunny because of a high pressure system. Temperatures will reach 25C from Paris to Munich and into Slovakia and the Ukraine. Southern areas will be mainly clear with temperatures between 32C and 35C in Spain and Portugal. Scandinavia will have cloud and intermittent rain. The British Isles will have light rain in Scotland but England and Wales will be mostly sunny.

**TODAY'S TEMPERATURES**  
 Station at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

Abu Dhabi	sun	32	Caracas	far	30	Faro	sun	23	Rangoon	shower	31
Acco	cloudy	28	Casablanca	far	26	Frankfurt	sun	25	Reykjavik	rain	12
Algiers	far	26	Chicago	shower	29	Geneva	far	26	Rome	sun	27
Amsterdam	cloudy	21	Cologne	far	27	Gibraltar	sun	24	S. Frisco	sun	29
Atlanta	sun	33	Dallas	far	27	Hamburg	shower	20	Stockholm	cloudy	21
Bangkok	thund	31	Dubai	far	32	Helsinki	far	21	Taipei	sun	32
Bombay	sun	33	Dublin	far	23	Hong Kong	shower	32	Tokyo	sun	27
Buenos Aires	cloudy	14	Havana	far	24	Islamabad	sun	28	Toronto	far	25
Calcutta	far	21	Jakarta	cloudy	31	London	sun	25	Vancouver	sun	30
Cairo	sun	32	Jersey	cloudy	18	Los Angeles	sun	27	Verona	far	25
Cape Town	cloudy	17	Kuala Lumpur	sun	27	Lima	cloudy	18	Vienna	rain	22
			Manila	sun	29	Lisbon	sun	23	Warsaw	shower	20
			Mexico City	sun	26	London	cloudy	24	Washington	rain	26
			Miami	far	25	Luxembourg	far	24	Wellington	rain	10
			Moscow	sun	28	Lyons	far	22	Yokohama	shower	23
			Mumbai	sun	31	Madrid	sun	26	Zurich	far	28
			Nairobi	cloudy	23	Nassau	sun	25			
			Osaka	sun	27	New York	cloudy	21			
			Seoul	sun	28	Osaka	sun	27			
			Singapore	sun	31	Paris	sun	26			
			Sydney	sun	28	Perth	sun	25			
			Taipei	sun	32	Prague	rain	22			
			Tokyo	sun	27						
			Toronto	far	25						
			Vancouver	sun	30						
			Verona	far	25						
			Vienna	rain	22						
			Warsaw	shower	20						
			Washington	rain	26						
			Wellington	rain	10						
			Yokohama	shower	23						
			Zurich	far	28						

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## Global asset securitisation

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**Volkswagen Car Lease No.1 Limited**  
 DM500 Million  
 FRN backed by German auto lease receivables

Lead Manager: Deutsche Morgan Grenfell

**BHP Broken Hill Proprietary Finance Limited**  
 A\$200 Million  
 charge card receivables purchased by Rialto-Main Securitisation Ltd

Arranger: Deutsche Morgan Grenfell

**KING/SHER Time Retail Finance Limited**  
 £50 Million  
 charge card receivables purchased by Rialto-Main Securitisation Limited

Arranger: Deutsche Morgan Grenfell

**United Mexican States**  
 US\$250 Million  
 mortgage-backed loan, collateral provided by Twinn Towers Inc.

Arranger: Deutsche Morgan Grenfell

**Spiegel Spiegel Master Trust**  
 US\$250 Million  
 variable funding certificate backed by retail charge card receivables

Co-arranger: Deutsche Morgan Grenfell

**NUMA The Numa Sub-Funds P1 - P5**  
 A\$2,250 Million  
 bonds backed by mortgage loans

Lead Manager: Sun Capital Markets Limited  
 Deutsche Morgan Grenfell

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